



European
Commission

SOCIAL ENTERPRISES
AND THEIR ECOSYSTEMS
IN EUROPE

Comparative
synthesis report

Social Europe

This comparative synthesis report is part of the study “Social enterprises and their ecosystems in Europe” and it provides an overview of the social enterprise landscape in Europe based on available information as of January 2020.

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Europa page on Social entrepreneurship: <https://europa.eu!/mq33GV>



SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN EUROPE

**Comparative
synthesis report**

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This comparative synthesis report provides an overview of the social enterprise landscape in Europe based on information available as of January 2020. The report has been prepared as part of a contract commissioned by the European Commission to [Euricse](#) and [EMES](#).

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Foreword

Social enterprises—businesses whose primary goal is to generate positive social impact—exist in every European country. They are an important part of the social economy, in which some 13.6 million Europeans work today. Some of them deliver essential care services, some focus on providing job opportunities for disadvantaged groups, and others address a wider range of societal challenges, such as achieving sustainable development goals. Many are innovative and find opportunities in cases where neither mainstream businesses nor public authorities can deliver.

Social economy and social enterprises contribute to important policy objectives, such as job creation, inclusiveness, equal opportunities, sustainability and civic participation. They are an excellent example of an “economy that works for people”—a high priority for the European Commission. They help to pursue demographic, green and digital transitions, without leaving anybody behind.

However, social enterprises are sometimes rather invisible and not well known. Many of them do not even identify as or call themselves social enterprises.

This publication takes up the challenge to shed light on this lesser known segment of the economy in Europe. It collates and interprets the key findings from 35 separate country reports and draws a European picture of social enterprises and the environments in which they operate, the “ecosystems”. The picture is a colourful one. It includes different traditions, a variety of public policies, diverse legal and institutional frameworks, bottom-up initiatives taken by groups of citizens, and many hurdles and obstacles but also new opportunities.

There is a need and demand by EU Member States, key actors and stakeholders for mutual learning in this field. Paradoxically, even though social enterprises are not so well known, they are in the spotlight of policy-making. Since the European Commission (EC) adopted its “Social Business Initiative” (SBI) in 2011, 16 EU Member States have adopted new specific legislation in the field and 11 EU Member States have created formal strategies or policies for supporting social enterprise development. In 2015, the Council adopted conclusions on promoting the Social Economy.

Moreover, with a view to the headline ambition of an Economy that works for people, in line with my mission letter, I will develop a European Action Plan for Social Economy to enhance social innovation.

From the mutual learning perspective, the diversity in Europe is an opportunity: there is plenty of experience and knowledge at the Member State level to benefit from. The challenge is to match the learning needs and the relevant cases from which one could learn. This publication and its country reports were developed to provide some answers.

6 | Foreword

The report is meant to be a learning tool, one that provides facts, figures and examples and promotes discussions. I hope that it will ultimately be a source of evidence and inspiration for policies supporting social enterprise development.

The report is also feeding into the preparatory work for the launching of the Action Plan on the Social Economy announced in the Communication on a Strong Social Europe for Just Transitions adopted on 14 January 2020.

I wish you enjoyable reading, and I would like to take this opportunity to thank the consortium of Euricse and EMES, as well as the more than 70 individual academics and the institutions they represent, who have contributed to this important European project.

A handwritten signature in black ink, appearing to read 'N. Schmit', with a stylized flourish at the end.

Mr. Nicolas Schmit
Commissioner for Jobs and Social Rights
European Commission 2019-2024

Acknowledgements

Collective knowledge creation endeavours generally involve significant levels of interaction and exchange as well as many unexpected situations. In such cases, the application of professional rigour and positive attitudes usually result in powerful outcomes. This has been the case for the mapping update detailed in this report. The EU Coordination Team offers special thanks to each of the national researchers and their collaborators for their work and commitment to an exercise that has not always been easy to complete. Our heartfelt appreciation goes to the members of the advisory board (Bernard Enjolras, Nadia Johanisova, Margie Mendell and Annette Zimmer) for their vision and generosity.

We would like to thank our colleagues who supported our work at the European Research Institute on Cooperative and Social Enterprises (Euricse) and the EMES International Research Network. We are grateful to Silvia Sacchetti, Simone Poledrini, Riccardo Bodini and Anna Berton (Euricse); and to Sophie Adam, Teresa Bolaños, Gloria Gannaway, Kathleen Uyttewaal and Sarah Waring (language and graphic editing team) and Sabine Spada (EMES). Nicole Göler von Ravensburg and Mihaela Lambru also contributed to the report with their comments and revisions.

We are also thankful for the time and resources invested by all the stakeholders in each of the countries covered. Those who wished to be recognised appear at the end of each country report and are cited at the beginning of the country fiches. Moreover, we would like to thank the representatives of the following organisations who participated in the synthesis seminar: DIESIS, the European Association of Development Agencies, the European Foundation Centre, the European Network of Social Integration Enterprises, the European Venture Philanthropy Association, the International Co-operative Alliance, the International Organisation of Industrial and Service Cooperatives, Plan International Nederland, Social Economy Europe, and RREUSE.

We would also like to acknowledge the good cooperation with the European Commission's services during the whole research process, notably Ann Branch (Head of Unit for Job Creation in Directorate-General for Employment, Social Affairs and Inclusion – DG EMPL) and her team, particularly Risto Raivio and Dana Verbal, who have provided valuable comments on draft reports and also channelled input from other staff members. The interactions connected with the study were fluid and fruitful and focussed on ensuring the highest quality processes and results, and they were held in an environment that encouraged original thinking. We also appreciate the work of the staff of the Communication Unit within the same DG, who were critical in ensuring that the results were accessible to the widest audience.

8 | Acknowledgements

The research process has been a complex learning experience for all the individuals and teams involved. We hope that this synthesis report and the various country reports and country fiches capture the lessons learned during the update process. Ultimately, they are testimony to the challenge that creating knowledge and sense cooperatively represents, a challenge that is common to many endeavours aiming to strengthen European social enterprises and the people working for a more sustainable, equal and fairer Europe.

Abstract

The understanding of the current size, scope and state of social enterprises in Europe lags behind their proliferation and the rising interest they generate among policymakers, researchers and practitioners. Aware of this gap, the European Commission launched two mapping studies as follow-ups to its 2011 communication on the Social Business Initiative (SBI). The first study was conducted in 2014 and mapped social enterprise activity and ecosystems in 29 countries using a common definition and approach. Following this initial effort, an update was launched in seven selected countries in 2016, until a complete update of the 28 Member States plus seven neighbouring countries participating in the Employment and Social Innovation (EaSI) Programme was carried out in 2018-2020. The resulting updated mapping study covers (i) the historical background and conditions of the emergence of social enterprises; (ii) the evolution of the concept and the existing national policy and legal framework for social enterprise; (iii) the scale and characteristics of social enterprise activity; (iv) networks and mutual support mechanisms; v) research, education and skills development; and (vi) the resources available to social enterprises. The study also provides insights on the factors constraining the development of social enterprise, a reflection on the debate currently at play in national contexts, and an overview of possible developmental trends. A stakeholders' engagement strategy aimed at capturing insights and analysis stemming from various agents within the ecosystem was carried out as well as an in-depth review of academic and grey literature and national policy documents regarding social enterprise. A specific comparative effort is reflected in the present synthesis report, which goes beyond the observation of social enterprise in each country to identify transnational trends with a view to generating solid knowledge to inform EU, national and local policies and social enterprises to stimulate mutual learning and to inspire common agendas.

Countries included in the three social enterprise mappings by the European Commission

No	Country	TYPE	2014	2016	2018-2020
1	Albania	Fiche	-	-	✓
2	Austria	Report	✓	-	✓
3	Belgium	Report	✓	✓	✓
4	Bulgaria	Report	✓	-	✓
5	Croatia	Report	✓	-	✓
6	Cyprus	Report	✓	-	✓
7	Czech Republic	Report	✓	-	✓
8	Denmark	Report	✓	-	✓
9	Estonia	Report	✓	-	✓
10	Finland	Report	✓	-	✓
11	France	Report	✓	✓	✓
12	Germany	Report	✓	-	✓
13	Greece	Report	✓	-	✓
14	Hungary	Report	✓	-	✓
15	Iceland	Fiche	-	-	✓
16	Ireland	Report	✓	✓	✓
17	Italy	Report	✓	✓	✓
18	Latvia	Report	✓	-	✓
19	Lithuania	Report	✓	-	✓
20	Luxembourg	Report	✓	-	✓
21	Malta	Report	✓	-	✓
22	Montenegro	Fiche	-	-	✓
23	The Netherlands	Report	✓	-	✓
24	North Macedonia	Fiche	-	-	✓
25	Norway	Fiche	-	-	✓
26	Poland	Report	✓	✓	✓
27	Portugal	Report	✓	-	✓
28	Romania	Report	✓	-	✓
29	Serbia	Fiche	-	-	✓
30	Slovakia	Report	✓	✓	✓
31	Slovenia	Report	✓	-	✓
32	Spain	Report	✓	✓	✓
33	Sweden	Report	✓	-	✓
34	Switzerland	Report	✓	-	-
35	Turkey	Fiche	-	-	✓
36	United Kingdom	Report	✓	-	✓

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List of acronyms

- > **ARUP** *Association reconnu d'utilité publique* (France)
- > **ASBL** *Association sans but lucratif* (Belgium, France, Luxembourg)
- > **B Corp** B Corporation
- > **BGK** Bank Gospodarstwa Krajowego (Poland)
- > **CAE** Cooperative of activity and employment (France)
- > **CEE** Central and Eastern Europe¹
- > **CF** Country fiche
- > **CGM** *Consorzio Nazionale della Cooperazione Sociale Gino Mattarelli* (Italy)
- > **CIC** Community interest company (United Kingdom)
- > **CIRIEC** International Centre of Research and Information on the Public, Social and Cooperative Economy
- > **CIS** Social initiative cooperative (Spain)
- > **CLG** Company limited by guarantee
- > **CLS** Companies limited by share
- > **CNIS** National Confederation of IPSS (Portugal)
- > **COCETA** Spanish Social Initiative Cooperatives Association
- > **COORACE** National Federation of Social and Solidarity Economy (France)
- > **CR** Country report
- > **CrESSI** Creating Economic Space for Social Innovation
- > **CSDF** Civil Society Development Foundation (Romania)
- > **CSR** Corporate social responsibility
- > **DG EMPL** European Commission Directorate-General for Employment, Social Affairs and Inclusion
- > **EaSI** EU Employment and Social Innovation Programme
- > **EC** European Commission
- > **EFESEIIS** Enabling the Flourishing and Evolution of Social Entrepreneurship for Innovative and Inclusive Societies
- > **EIF** European Investment Fund

(1) This area includes SEE countries (see below) plus the Baltic countries (Estonia, Latvia and Lithuania), the Czech Republic, Germany, Hungary, Poland and Slovakia. Greece and Turkey are not included.

- > **EMES** EMES International Research Network
- > **EMPOWER-SE** COST Action 16206 “Empowering the next generation of social enterprise researchers”
- > **ENPO** Entrepreneurial non-profit organisation (Poland)
- > **ENSIE** European Network of Social Integration Enterprises
- > **ESEN** Estonian Social Enterprise Network
- > **ESF** European Social Fund
- > **ESIF** European Structural and Investment Funds
- > **ESUS** Solidarity enterprise of social utility (France)
- > **EU** European Union
- > **EUR** Euro
- > **Euricse** European Research Institute on Cooperative and Social Enterprises
- > **EuSEF** European social entrepreneurship funds
- > **FAB-MOVE** For a better tomorrow: social enterprises on the move!
- > **FADEI** National Federation of Social Integration Enterprises (Spain)
- > **FASE** Financing Agency for Social Entrepreneurship (Germany)
- > **FEACEM** Spanish Federation of Special Employment Centres
- > **FEI** Federation of Insertion Enterprises (France)
- > **FinSERN** Finnish Network on Social Enterprise
- > **FISE** Foundation for Socio-Economic Initiatives (Poland)
- > **GBP** Great Britain Pound
- > **GBP** Non-profit employment project/company (Austria)
- > **GEMSE** Together more social entrepreneurship (Austria)
- > **gGmbH** *Gemeinnützige GmbH* (Austria and Germany)
- > **HEC** *Hautes Études Commerciales* (France)
- > **HEI** High-level educational institutions
- > **IB** Integrative enterprise (Austria)
- > **ICA** International Co-operative Alliance
- > **ICSEM** International Comparative Social Enterprise Models Project
- > **IES** ICT-Enabled Social Innovation
- > **ILO** International Labour Organization
- > **IPSS** Private institution of social solidarity (Portugal)

- > **IRIS Network** *Istituti di Ricerca sull'Impresa Sociale* (Italy)
- > **IT** Information technology
- > **KoinSEp** Social cooperative enterprise (Greece)
- > **KoiSPE** Limited liability social cooperative (Greece)
- > **MOUVES** Movement of Social Entrepreneurs (France)
- > **N.A.** Not available
- > **NEET** Not in Education, Employment or Training
- > **NEMESIS** Novel Educational Model Enabling Social Innovation Skills
- > **NESsT** Non-profit Enterprise and Self-sustainability Team
- > **NGO** Non-governmental organisation
- > **NPO** Non-profit organisation
- > **NR** National researcher
- > **OECD** Organisation for Economic Co-operation and Development
- > **PBC** Public benefit company
- > **PBO** Public benefit organisation
- > **PhD** Doctoral degree
- > **PWD** Person with disabilities
- > **REJIES** *Red Española de Jóvenes Investigadores en Economía Social* (Spain)
- > **RESCOOP** European Federation of Renewable Energy Cooperatives
- > **RIPESS** Intercontinental Network for the Promotion of Social Solidarity Economy
- > **RISE** Romanian Network of Social Insertion Enterprises
- > **RSV** Registered Social Enterprises (Denmark)
- > **SBI** Social Business Initiative
- > **SCIC** Collective interest cooperative society (France)
- > **SCOP** Cooperative and participative society (France)
- > **SDGs** UN Sustainable Development Goals
- > **SE** Social enterprise
- > **SEE** South-eastern Europe²

(2) This area includes the following countries covered by the study: Albania, Bulgaria, Croatia, Greece, Montenegro, North Macedonia, Romania, Serbia, Slovenia and Turkey. According to some definitions, this area can also be referred to as "the Balkans", even though only portions of Greece and Turkey are usually

18 | List of acronyms

- > **SEFOR** Social Entrepreneurship Forum (Croatia)
- > **SEFORİS** Social Enterprise as a Force for more Inclusive and Innovative Societies
- > **SETF** Social Enterprise Task Force (Ireland)
- > **SEUK** Social Enterprise UK
- > **SIB** Social impact bond
- > **SIMPACT** Boosting the Impact of Social Innovation in Europe through Economic Underpinnings
- > **SINEC** Social Innovation and Enterprise Cluster (Czech Republic)
- > **SIS** Societal impact company (Luxembourg)
- > **SKOOPI** Network of WISEs (Sweden)
- > **SME** Small and medium-sized enterprise
- > **SÖB** Socio-economic enterprise (Austria)
- > **SOLIDUS** Solidarity in European Societies: Empowerment, Social Justice and Citizenship
- > **SSE** Social and solidarity economy
- > **STEA** Funding Centre for Social Welfare and Health Organisations (Finland)
- > **SzoSzöv** National Federation of Social Cooperatives (Hungary)
- > **TAVOSZ** National Federation of Social Enterprises (Croatia)
- > **TESSEA** Thematic Network on Social Economy (Czech Republic)
- > **TS** Third Sector
- > **TSI** Third Sector Impact
- > **ULESS** Luxembourgish Union of Social and Solidarity Economy
- > **UN** United Nations
- > **UNED** *Universidad Nacional de Educación a Distancia* (Spain)
- > **UNRISD** United Nations Research Institute for Social Development
- > **UNTFSSSE** UN Inter-Agency Task Force on Social and Solidarity Economy
- > **VAT** Value-added tax
- > **WISE** Work integration social enterprise
- > **ZAZ** Professional activity establishment (Poland)

considered part of the Balkans. The area referred to as “Southern Europe” usually includes SEE countries plus Cyprus, Malta, Italy, Spain and Portugal, while Bulgaria and Romania are not included.

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Country abbreviations

EU countries

AT	Austria
BE	Belgium
BG	Bulgaria
CY	Cyprus
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
EL	Greece
ES	Spain
FI	Finland
FR	France
HR	Croatia
HU	Hungary
IE	Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
MT	Malta
NL	the Netherlands
PL	Poland
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovakia
UK	United Kingdom

Non-EU countries

AL	Albania
IS	Iceland
ME	Montenegro
MK	North Macedonia
NO	Norway
RS	Serbia
TR	Turkey

Introduction

When the European Commission launched the Social Business Initiative in 2011, one of the priorities was to increase the visibility and recognition of the social enterprise business model. Social enterprise was a trendy but rather invisible phenomenon. There was a need to better understand the state of social enterprise across Europe.

Many questions related to the characteristics of social enterprises: How many social enterprises are there in different countries? What are the typical organisational and legal forms social enterprises use? What kinds of services and goods do they produce and sell? Who are their clients? Are they big or small? What kinds of relations do they have with public authorities, notably at local and regional levels? To what extent do they envisage growing, scaling up and possibly even operating internationally?

It was also important to develop a better understanding of the environment in which social enterprises operate. What kinds of legislation exist specifically for social enterprise? How do social enterprises operate in countries in which no specific legislation exists? Which countries have explicit policies to promote social enterprises? Which have taken the initiative to develop legislation or policies in this field and to what extent have social enterprise representatives been involved? To what extent do social enterprises establish networks and other mutual support systems? Who represents social enterprises at the national and European level? Do banks and other finance providers offer relevant funding for social enterprises? What are the new opportunities for and the main obstacles to further development in this field?

In synthesising all these questions, there was a need to know what are social enterprises and in what kinds of ecosystems do they operate?

To answer these questions, the EC ordered a study to “map social enterprises and their ecosystems in Europe”. The outputs of this first EU-wide comparative study included 29 national reports published in 2014 (EU countries plus Switzerland) and an overarching EU-level synthesis report in 2015.

The results showed a diverse and rapidly changing landscape. Many countries had recently introduced new legislation and new strategies, while others were in the process of doing so. Social enterprises were engaging in new areas and diversifying their business models. New investors were entering the field and new financial instruments were emerging.

The study also pointed to an increasing amount of research but also to a lack of reliable and comparable data, difficulties in identifying the *de facto* social enterprise population and a great deal of inconsistency in the use of concepts and definitions even within

single national contexts. The study increased the visibility of social enterprise, but much remained unknown.

Against this background, the EC decided to update the mapping sooner rather than later. Therefore, new country reports have now been produced for all 28 EU Member States and baseline country fiches for seven non-EU countries (Albania, Iceland, Montenegro, North Macedonia, Norway, Serbia and Turkey). The aim has been not only to update the data but also to enhance the analytical value of the reports, better explaining the social enterprise phenomenon in the broader socio-economic context of each country.

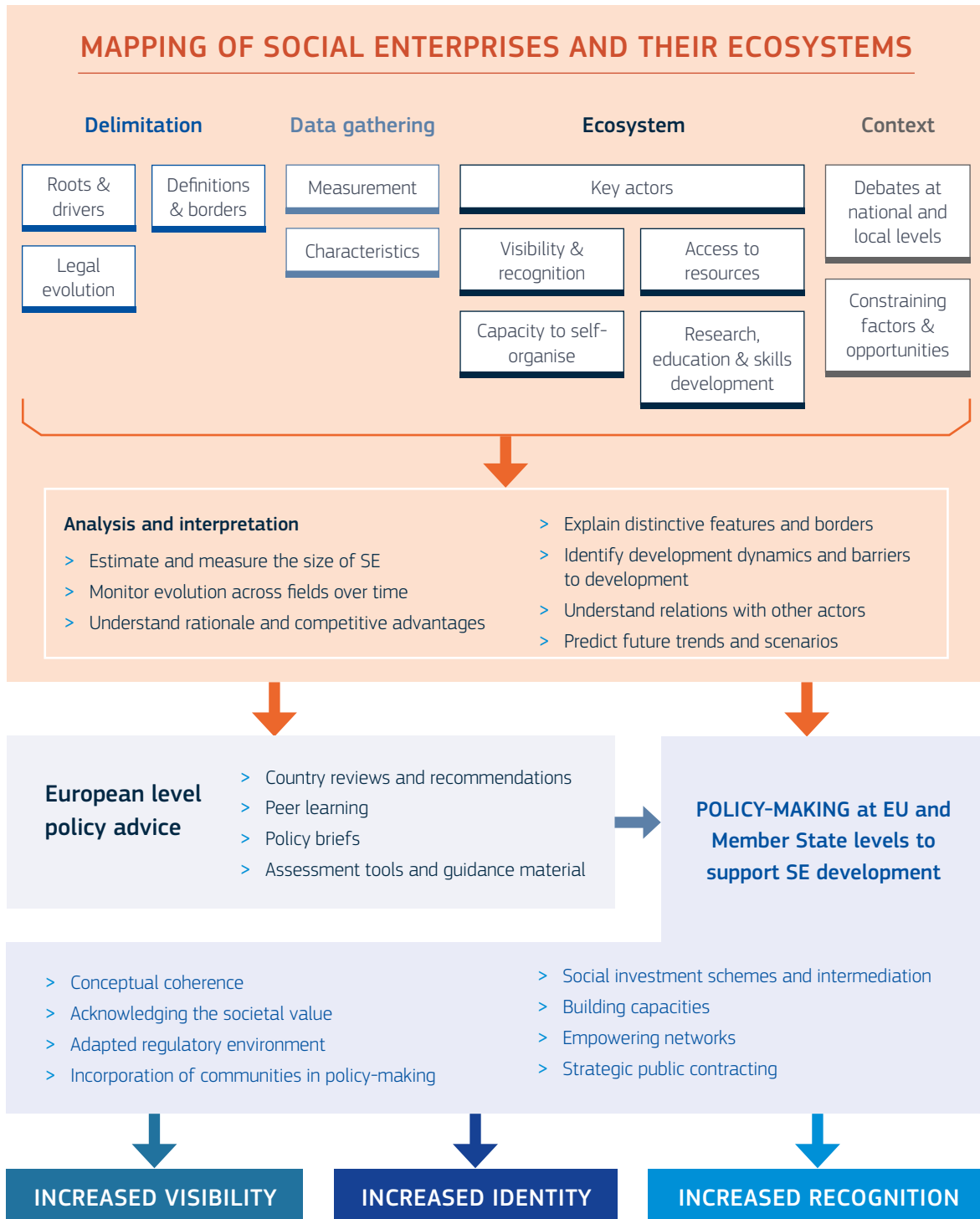
More than 70 researchers have participated in the update of the study, including national researchers, members of the scientific advisory board and experts who contributed to designing the methodology and drafting the present synthesis report. More than 750 stakeholders amongst policymakers, representatives of social enterprises, social enterprise networks and other support organisations, academics and experts have provided their critical insights. More than 100 concrete examples of social enterprises and good practices have been collected and are included in the country reports and baseline country fiches. Additionally, around 50 exploratory case studies have been conducted in eleven countries with the twofold aim of better capturing the drivers and patterns of development of social enterprises and understanding how the different elements that compose the social enterprise ecosystem are related to one another.

The present synthesis report draws on the updated country reports and baseline country fiches.

While the lack of comparative data remains an issue and the debates on concepts and definitions continue, the present report takes some steps towards developing a sharper picture and more clarity. Notably, it suggests several new ways of clustering European countries. The presented typologies do not aim at establishing rigid blocks but at helping the reader to perceive diversity in Europe in this particular field.

This updated and more analytical picture aims at serving policy-making at the EU and national levels. It can also encourage self-recognition and a stronger identity for social enterprises and organisations representing them. The expected contributions of this study are illustrated in the figure below.

Figure 1. Impact of better knowledge of social enterprises and their ecosystems for policy-making in Europe³



(3) This figure has been drawn by the EU coordination team in dialogue with the services of the European Commission.



1

SOCIAL ENTERPRISE BORDERS AND PATTERNS OF EVOLUTION

1.1. Defining social enterprise

1.1.1. Organisational versus sector-specific definitions

Organisations defined as **social enterprises have become an increasingly important entrepreneurial dynamic over the past few decades in most European countries.**

However, in spite of the wide use of the term and gradual convergence of meanings underway at the EU level, **social enterprises are still conceived in significantly different manners by national legislations, policy strategies, academics and social entrepreneurs.**

Based on the mapping study and previous research, **the social enterprise definitions⁴ that are most widely used** across EU Member States are:

- > **organisational definitions**, focussing on the intrinsic features that social enterprises show;
- > **sector-specific definitions**, looking only at specific types of organisations operating in the field of social inclusion, mainly by facilitating the integration of people excluded from the labour market (“work integration social enterprises”, or WISEs).

Organisational definitions have a wide—and expanding—application in terms of domains of engagement, and they **draw on definite features shared by all the entitled entities.** These features are sometimes translated into social enterprise laws, which are either applied to one sole type or to more than one legal form.

Sector-specific definitions of social enterprise are usually policy-driven and connected to funding schemes (mainly schemes resulting from the national implementation of the European Social Fund – ESF) and policies targeted to support social inclusion. In several EU Member States, social enterprises have only entered the public consciousness with EU funding, and the term “social enterprise” is often conflated with WISE in public understanding. This second definition is a sub-component of the first definition, narrowing the field of activity and the type of social impact.

(4) Regardless of the *ad hoc* laws that define social enterprise.

Table 1. Types of definitions of social enterprise

Definition type	Rationale	Key criteria	Sources of SE definitions			
			International definitions	National laws	National strategies/ programmes	Private marks/ labels/certifications
Organisational definitions	To acknowledge the specificity/ nature of SE as a particular legal entity performing in various fields of general interest	Social aim prioritised, specific restrictions in terms of distribution of profits and governance	British Council , EMES , ILO , RIPESS ,	Belgium, Bulgaria, Denmark, Germany, Greece, France, Italy, Latvia, Luxembourg, Portugal, Romania, Slovakia, Slovenia, Spain, United Kingdom	Croatia, Denmark, France, Greece, Ireland, Latvia, Lithuania, Slovenia, Sweden, United Kingdom	Finland, Germany, Poland, United Kingdom
Sector-specific definitions	To implement stated policy strategies (e.g., social inclusion)	Integration of disadvantaged workers and/or PWDs prioritised	ENSIE	Albania, Belgium ⁽¹⁾ , Croatia, Czech Republic, Finland, France, Greece, Hungary, Lithuania, Luxembourg, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain	Poland	Austria

1.1.2. Operationalising the EU definition of social enterprise

The **Communication on the SBI introduced a concept of social enterprise, referring to three key dimensions.**⁵ According to this conception, **social enterprises run commercial activities (entrepreneurial/economic dimension) in order to achieve a social or societal common good (social dimension) and have an organisation or ownership system that reflects their mission (inclusive governance-ownership dimension).** The SBI explained these three fundamental dimensions of social enterprises, but explicitly stated that it did not suggest a standard definition as a basis for harmonising regulations.

In its approach to this varied sector, the Commission does not seek to provide a standard definition which would apply to everyone and lead to a regulatory straitjacket. It offers a description based on principles shared by the majority of Member States, while respecting their diversity of political, economic and social choices and the capacity for innovation of social entrepreneurs.

The SBI, however, left the door open for the adoption of a more precise definition if it was needed to implement specific incentives or regulatory measures. This was done soon after the establishment of the SBI for the purpose of two EU-level measures: the EuSEF regulation, which established a European label for social enterprise funds, and the EaSI regulation, which set the rules for the EU funding programme for Employment and Social Innovation. In both cases, the adopted definition was consistent with the concept introduced in the SBI, but the wording was further elaborated to provide a clear basis for implementation.

While institutionally the SBI represented only the view of the Commission, the EaSI and EuSEF regulations were adopted by the co-legislators (the Council and the European Parliament) and therefore became part of the EU legislation. However, **these definitions were adopted for the purpose of the implementation of specific incentives, not to propose a definition to be applied by the Member States in their legislation.**

The SBI social enterprise concept was further operationalised and refined during the Mapping Study. Operationalising the definition is an important methodological step that allows for the application of a shared definition in all national contexts in a

(5) Such an approach to social enterprise based on these three dimensions was first elaborated by the EMES International Research Network, which studied the “Emergence of Social Enterprise in Europe” as early as 1996–1999 through a broad research project funded by the Directorate-General (DG) Research & Innovation 4th Framework Programme (Borzaga, C. and Defourny, J. [2001]. *The Emergence of Social Enterprise*. London and New York: Routledge). The present mapping study also draws on the findings of the “International Comparative Social Enterprise Models (ICSEM) Project” carried out under the coordination of Jacques Defourny (CES - University of Liege) and Marthe Nyssens (CIRTES - Catholic University of Louvain) at the worldwide level. For more information, see: <http://www.iap-socent.be/icsem-project>.

coherent way. The definition needs to be precise enough to guide national researchers when collecting and systematising information and data in their respective countries. For this reason, the operationalisation classifies the three key dimensions with concrete guidance for their application, as illustrated in table 2. The extensive operational definition is included as appendix 2.

Table 2. An attempt to operationalise the concept of social enterprise based on the SBI

Main dimension	General definition	Minimum requirements
Entrepreneurial/ economic dimension⁽²⁾	<p>Stable and continuous production of goods and services</p> <ul style="list-style-type: none"> > Revenues are generated mainly from both the direct sale of goods and services to private users or members and public contracts. <p>(At least partial) use of production factors functioning in the monetary economy (paid labour, capital, assets)</p> <ul style="list-style-type: none"> > Although relying on both volunteers (especially in the start-up phase) and non-commercial resources, to become sustainable, SEs normally also use production factors that typically function in the monetary economy. 	SEs must be market-oriented (incidence of trading should be ideally above 25%).
Social dimension	<p>The aim pursued is explicitly social. The product supplied/ activities run have a social/general interest connotation</p> <ul style="list-style-type: none"> > The types of services offered or activities run can vary significantly from place to place, depending on unmet needs arising at the local level or in some cases even in a global context. 	Primacy of social aim must be clearly established by national legislations, the statutes of SEs or other relevant documents.
Inclusive governance- ownership dimension	<p>Inclusive and participatory governance model</p> <ul style="list-style-type: none"> > All concerned stakeholders are involved, regardless of the legal form. > The profit distribution constraint (especially on assets) guarantees that the enterprise's social purpose is safeguarded. 	The governance and/or organisational structure of SEs must ensure that the interests of all concerned stakeholders are duly represented in decision-making processes.

Social enterprises may fulfil the three dimensions—entrepreneurial, social and inclusive ownership-governance—in different ways. It is the interplay among the three dimensions that determines whether an organisation may or may not qualify as a social enterprise.

Entrepreneurial/economic dimension

Social enterprises are production units fully belonging to the universe of enterprises. **The entrepreneurial dimension separates social enterprises from the public sector as well as from traditional non-profit organisations.** Unlike traditional

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non-profit organisations, which typically rely primarily on donations and grants, social enterprises engage in market exchanges.

Since social enterprises' success in achieving their statutory goals depends to a considerable extent on the generation of sustainable financial income, they **must take a significant level of economic risk. However, unlike conventional enterprises, social enterprises rely on a mix of resources: voluntary work, donations and grants in addition to earned incomes**, which are either generated by the sale of goods and services to private clients or by the provision of general interest services on public contractual bases.

Moreover, like any other enterprise, **to achieve the sustainability of social enterprise a team must be put together with the appropriate skill sets**. The team can involve paid workers as well as volunteers, but similar to conventional enterprises social enterprises are supposed to use costly production factors (i.e., paid work, capital, infrastructures) to run their activities. Conversely, unlike conventional enterprises, social enterprises are expected to search for a balance between the fair remuneration of labour and capital and the outputs generated to the advantage of users or the society at large.

Social dimension

Social enterprises pursue the explicit social aim of serving the community or a specific group of people. This separates them from mainstream businesses. The explicit social aim pursued must be clearly defined at a statutory level. The products and services delivered and/or production and allocation processes must also be “social” and generate direct benefits for the entire community or specific groups of disadvantaged people.

What is defined as “social” can change over time and space, consistent with the evolution of needs arising in a society, the organisation of the welfare state (public service provision) and its historical developments. Social enterprises may hence deliver a wide set of goods and services of general interest. According to the diversity of unmet needs that may arise at the local level in different countries and contexts, the set of services delivered can comprise welfare, health, educational, cultural services, utilities (e.g., water, gas, electricity supply) and the tackling of a plurality of societal challenges.

Inclusive ownership-governance dimension

To ensure the primacy of the social goal and avoid mission drift, social enterprises must have profit distribution limits. They also involve the stakeholders concerned in designing adequate solutions and adopt peculiar ownership structures and governance models

designed to enhance the participation of stakeholders affected by the enterprise to various extents.

Depending upon the type of social enterprise, ownership rights and control power can be assigned to one single category of stakeholders (users or workers) or to more than one category at a time—hence giving ground to a multi-stakeholder ownership asset. Besides becoming full members, stakeholders can be appointed in the governing bodies of the enterprise. Alternatively, a voice can be given to users and workers by furthering their participation in special committees.

The non-profit distribution constraint can be operationalised in different ways, through a series of annual or life-long combinations. The non-profit distribution constraint can be addressed either to the social enterprise members or to stakeholders other than owners, such as workers and users, who exercise control over the enterprise. It can be total, in which any distribution of profits is admitted, or partial, in which dividends on risk capital provided by members are capped at a specified rate. Restrictions and/or thresholds on remuneration of managers and workers are in some cases introduced to avoid an indirect distribution of profits. The partial distribution constraint is more consistent with the entrepreneurial nature of social enterprise as it incentivises investors to commit capital and support the economic growth of the enterprise. Likewise, the partial distribution constraint does not lose its role as long as it is strengthened by the participation of relevant stakeholders and is supported by an asset lock.

The “asset lock” prevents assets, including profits or other surpluses, lands or buildings, held by the social enterprise from being distributed to owners, thus safeguarding the public benefit pursued by the social enterprise in case of its dissolution.

It is noteworthy that the non-profit constraint and the asset lock contribute jointly to guaranteeing that resources are employed in the interests of stakeholders other than investors and ensure the survival of the social enterprise in its endeavour to pursue explicit social goals over time.

1.1.3. Social enterprises vis-à-vis other approaches and concepts

While social enterprises operate in all EU Member States, the degree of understanding and acceptance of the social enterprise concept by policymakers, practitioners and researchers varies to a significant extent across EU Member States.

Overall, the use of diverse notions and/or the same concept with different meanings adds to the conceptual confusion.⁶ Key concepts that are sometimes used interchangeably with that of social enterprise include the following: social and solidarity economy, social

(6) An extended glossary with definitions of the main concepts and notions used throughout the mapping study is included as appendix 3.

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entrepreneurship and social entrepreneur, and social innovation. Each approach was developed to capture the gradual change in the mind-set that involves civil society, but it sheds light on a particular set of actors and/or beneficiaries that only partially overlaps with that of social enterprises.

Social/solidarity economy

The social economy tradition has in most countries contributed to paving the way for the emergence of social enterprises by making available a variety of organisational forms that are suitable for use by social enterprises or by organisations that are likely to evolve into social enterprises, especially in the start-up phase. Many social enterprises still use social economy legal forms—sometimes adapted—such as cooperative, association or foundation.

As illustrated by the historical analysis of social enterprises in several EU countries, this natural evolution occurs when social economy organisations become less member-oriented, open their membership to a plurality of stakeholders and start pursuing general-interest aims explicitly. To capture this trend and take into account the socio-political dimension of the social economy, in some countries (e.g., France) the term “solidarity” has been added and the new term “social and solidarity economy” has come into use. The broadening of the “reach” of the social economy contributes to explaining the tendency of the social solidarity economy as a concept to overlap with the more narrow social enterprise definition.

In essence, what differentiates the concept of social economy organisations from social enterprises is that the former promote mainly the interests of their members (as traditional cooperatives do), thereby having only an indirect impact on the community at large (the so-called ICA 7th principle). Conversely, social enterprises pursue an explicit social aim in the interests of the community (provision of general interest services or facilitation of work integration of disadvantaged persons).

Social entrepreneurship and social entrepreneur

Conceptual confusion is also generated by the very diverse use of the terms “social entrepreneurship” and “social entrepreneur”. In some cases, these terms are used (by policy makers and in legislations) more or less interchangeably with the term social enterprise to refer to a broad set of social initiatives and operators.

An example of using the terms in an interchangeable way would be the European Commission’s 2011 SBI itself. At the level of the title of the SBI, it was an initiative “Creating a favourable climate for social enterprises...”. However, as part of that initiative, the concrete actions were presented as “An action plan to support social entrepreneurship...”. Social entrepreneurship was therefore used as a term to capture a

set of measures useful in creating a favourable climate for social enterprises, without any differentiation between the terms.

The picture becomes more complex and possibly confusing whenever the social enterprise concept is used to refer to a rather wide range of initiatives aimed at generating positive social change. This can include, for example, initiatives within the corporate social responsibility of conventional companies or initiatives by innovative and entrepreneurial individuals not necessarily implying the establishment of social enterprises.

When used in this way, the term social entrepreneurship refers to an approach driving positive social change rather than to an organisation. Therefore, in this use, its commonality with the term social enterprise is the aim for social impact, but it does not impose the elements of inclusive governance, profit distribution limits or commercial activity.

Initiatives focussing on driving positive social change often appoint in a central role an individual described as a “change maker” or social entrepreneur. Consequently, social entrepreneurship often has a more individual connotation, in contrast to the concept of social enterprise, which underlines the role of community and collective endeavours.

However, the use of the concept of social entrepreneur is not limited to this type of individual change maker. It can also refer to someone leading and managing a true social enterprise, fully complying with the three key dimensions of the social enterprise definition.

Finally, another angle adding to the variety of use of these concepts comes from the field of education and training. Entrepreneurship is often considered a competence, which can be learned and taught. In the EU context, according to the Council recommendation on key competencies from 2018, “Entrepreneurship competence refers to the capacity to act upon opportunities and ideas, and to transform them into values for others...”.

Consequently, entrepreneurship education refers to teaching and learning this type of competency, and depending on the context it might focus more broadly or narrowly on its various components. For example, at school level the focus can be broadly on the entire set of related skills and attitudes, while in a university context the focus can be on the knowledge and skills necessary for creating a business.

Similarly, social entrepreneurship is sometimes referred to as a competency, which can be taught and learned. Again, education in social entrepreneurship might focus broadly on the mind-set or more technically and narrowly on the knowledge and skills necessary to establish or run social enterprises.

To conclude, there is no one sole definition of social entrepreneurship or social entrepreneur, nor is there one correct way to use the terms. The challenge, therefore,

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is to explain the way the terms are used each time to avoid lack of clarity and misunderstanding. The academic literature and the country reports of the mapping study reveal diversity in use of these terms in national contexts. While this diversity is natural and understandable, the fact that the way the concepts are used is not always explained adds an additional challenge to drawing a clear picture of this field in Europe.

Social innovation

Based on the European Commission definition,⁷ social innovation refers to developing new ideas, services and models to better address social issues. As a concept, social innovation may refer to a product, production process, idea, social movement or a combination of the above. Basically, the concept comes rather close to the term social entrepreneurship, in cases in which the latter is used to refer to an approach driving positive social change. Sometimes, social entrepreneurship is indeed referred to as an approach generating social innovation.

Many social enterprises have significantly contributed to innovating social service delivery and have prompted important organisational innovations. Indeed, the same social enterprise is an innovation *per se*. An explicit reference to innovation is also present in the SBI. However, being innovative and contributing to social innovation cannot be considered distinctive features of all social enterprises. Conversely, social enterprises are expected to replicate efficient models for managing general interest issues and satisfying unmet needs.

1.1.4. Acceptance of the social enterprise concept

Despite showing diverse degrees of recognition and size, social enterprises are present in all EU Member States, regardless of the type of welfare system and whether or not there is a well-developed non-profit sector, a cooperative tradition or specific legislation.

The degree of acceptance of the social enterprise concept varies to a significant extent across countries depending on the relevance of the phenomenon, space of development of social enterprises and existence of other similar and/or bordering concepts.

The degree of acceptance of the concept also depends upon the share of organisations fulfilling the operational definition that self-recognises as social enterprise. This aspect varies significantly across countries. While in some countries the concerned organisations have strived to make the social enterprise concept recognised because

(7) Full definition of social innovation from the EaSI programme: “social innovations’ are innovations that are social both as to their ends and their means and in particular those which relate to the development and implementation of new ideas (concerning products, services and models), that simultaneously meet social needs and create new social relationships or collaborations, thereby benefiting society and boosting its capacity to act”.

they self-recognise as social enterprises, in other countries the social enterprise concept is hardly referred to by the same organisations that are conceived as social enterprises according to the operational definition. This is, for instance, the case in Germany and Hungary, where the degree of self-recognition among organisations is rather low. Although national laws fully align social and cultural cooperatives in Germany and social cooperatives in Hungary with the EU operational definition, these enterprises are rarely regarded as *ex lege* social enterprises.

Table 3. Degree of acceptance of the social enterprise concept

Degree of acceptance	Country
Politically and legally accepted—large self-recognition	Ireland, Italy, United Kingdom
Challenged by social economy/social and solidarity economy	Belgium, France, Greece, Luxembourg, Portugal, Spain
Not commonly used—limited space due to traditional welfare institutions	Austria, Denmark, Finland, Germany, Iceland, Netherlands, Norway, Sweden
Politically and legally accepted but narrow understanding (work integration)—weak self-recognition	Bulgaria, Croatia, Czech Republic, Finland, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Serbia, Sweden
Challenged by other concepts, such as corporate social responsibility, social entrepreneurship and social innovation	Cyprus, Denmark, Estonia, Iceland, Montenegro, Netherlands, Norway, Sweden
Emerging acceptance	Albania, Malta, North Macedonia, Turkey

The countries in which social enterprise is widely and adequately recognised by public debates, policymakers, researchers and practitioners are few. They include Ireland, Italy and the United Kingdom.

There is a general tendency to mix the social enterprise with approaches that refer to overlapping and/or bordering trends. This is particularly the case for countries that have a longstanding social economy tradition (e.g., Belgium, France, Luxembourg and Spain). Some countries have seen a progressive shift from the use of one term towards another, and this shift has been strongly shaped by policy orientations. This is, for instance, the case in Belgium. The pioneering acknowledgment of social enterprise by means of *ad hoc* legislation⁸ has been recently superseded by a legal change, which reflects the policy intention to restore the legitimacy of the social economy.

(8) In Belgium, the social enterprise qualification was introduced in 1995 by the Law on Social Purpose Companies and was repealed in 2019 following the reform of the Code on Companies and Associations.

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Also noteworthy are countries in which the space for development of social enterprise is to a certain extent limited by the strong presence of traditional welfare institutions covering the majority of the needs of the population (e.g., Austria and Germany).

In a number of countries, social enterprises tend to be narrowly understood and conflated with work integration initiatives (e.g., Baltic, CEE and SEE countries).

There are, moreover, a few countries in which the social enterprise concept is challenged by a tradition that sees all enterprises as socially responsible organisations (e.g., Cyprus and the Netherlands).

The concept of social enterprise is still emerging in Malta and in most non-EU countries covered by the study.

1.1.5. National definitions of social enterprise

A growing number of EU Member States have recently adopted national strategies, policy schemes and legal acts that define social enterprise at the national level.

National definitions of social enterprise articulate the social, entrepreneurial and governance dimensions of social enterprise in different ways. Differences across countries concern the types of activities defined as social (i.e., work integration and/or the delivery of social services), the share of incomes that must be generated by market activities, and the degree to which and modalities whereby concerned stakeholders are expected to participate in decision-making processes.

Table 4. National definitions against the core criteria of the EU operational definition of social enterprise⁹

EU Member States

Country	Source of definition	Point of departure from the EU operational definition
AT	No official definition of SE. There are, however, three distinct accreditation schemes for WISEs in the framework of the labour market policy.	-
BE	Law on Social Purpose Companies (1995, repealed in 2019). Code on Companies and Associations (2019).	It closely matched the EU operational definition. It introduces a SE accreditation scheme for cooperatives, which aligns with the EU operational definition.
BG	Act on Enterprises of Social and Solidarity Economy (240/2018).	It defines two classes of SEs (Class A and Class A+) that are close to the EU operational definition. However, only Class A+ SEs impose the non-profit distribution constraint.
CY	No official definition of SE, but a definition is included in the Draft law on the development and maintenance of a registry of social enterprises (2015).	It defines two classes of SEs (general purpose and social inclusion/integration SEs) that are close to the EU operational definition.
CZ	Business Corporations Act (90/2012). A broadly accepted definition of SE (and of WISE) was developed by the Thematic Network of Social Economy (TESSEA) in 2010. The law on SE currently under development draws on the TESSEA definition.	It defines social cooperatives in a way that closely aligns with the EU operational definition of SE but limits them to the work integration field. It aligns with the EU operational definition to a large extent, the main difference deriving from the explicit presence of an environmental and local dimension.
DE	Cooperatives Act (2006).	It defines social and cultural cooperatives in a way that closely aligns with the EU operational definition of SE.
DK	Act on Registered Social Enterprises (711/2014).	It closely matches the EU operational definition.
EE	No official definition. A broadly accepted definition of SE was developed by the Estonian Social Enterprise Network (ESEN).	It partially aligns with the EU operational definition, as it puts strong emphasis on primacy of social aim and financially sustainable business model, but while it introduces an asset lock, it does not explicitly mention either compliance with a non-profit distribution constraint or stakeholders' engagement.

(9) Full country names are used when space is available while country acronyms are preferred for tables with limited space. The Country Abbreviations section on page 9 includes the acronyms and corresponding full names of all countries included in this mapping update.

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Country	Source of definition	Point of departure from the EU operational definition
EL	Law on Social and Solidarity Economy (4430/2016).	It defines social and solidarity economy organisations in a way that resembles to a large extent SE as per the EU operational definition. Main differences concern the absence of an explicit reference to entrepreneurial activity, although implied; a stronger emphasis on internal democracy and common ownership than on the involvement of external stakeholders; the presence of additional strict criteria (e.g., networking with other SSE organisations and equity in wage policy).
ES	Law on Social Initiative Cooperative (27/1999). Law on Social Integration Enterprise (44/2007). Royal Decree on PWDs (1/2013 revised 9/2017).	They define social initiative cooperatives, social integration enterprises and special employment centres in ways that closely align with the EU operational definition of SE.
FI	Act on Social Enterprises (1351/2003 revised 924/2012). Social Enterprise Mark (private recognition).	It does not set requirements on inclusive governance/ownership dimension (including the distribution of profit), and it limits SEs to the work integration field. It closely matches the EU operational definition and adds further criteria: employee ownership and social impact measurement.
FR	Law on Collective Interest Cooperative Societies (SCIC) (2001). Framework Law on Social and Solidarity Economy (2014).	It aligns with the EU operational definition, but it introduces stricter criteria regarding the involvement of stakeholders: at least three member categories (which must include workers and users). It introduces solidarity enterprise of social utility (ESUS) and cooperative of activity and employment (CAE), which are defined in a way that aligns with the EU operational definition. A wage policy must be adopted limiting wage gaps.
HR	Strategy for Social Entrepreneurship Development (2015).	It provides a definition of SEs that closely aligns with the EU operational definition except that it emphasises the balance between social, environmental and economic goals and requires the monitoring and evaluation of their impact.
HU	Government Decree on Social Cooperatives (141/2006).	It defines social cooperatives in a way that closely aligns with the EU operational definition, but it limits them to the work integration field.
IE	National Social Enterprise Policy 2019-2022.	It provides a definition of SEs that aligns with the EU operational definition except that it does not explicitly mention participatory governance and non-profit distribution constraint.
IT	Law on Social Cooperatives (381/1991). Legislative Decree on SEs (155/2006). Reform of the Third Sector and SE (106/2016).	They closely match the EU operational definition. While law 381 envisages two sectors (welfare services and work integration), law 155 enlarges the fields of activity and introduces a total non-profit distribution constraint. The reform explicitly refers to the SE qualification, further enlarges the fields, and envisages the possibility that private enterprise and public authority representatives are appointed to the board without chairing it.

Country	Source of definition	Point of departure from the EU operational definition
LT	Law on Social Enterprises (IX-2251/2004). Conception of Social Business (2015). Guidelines for Social Enterprise Projects (2017).	It targets two types of WISEs without imposing either non-profit distribution constraints or stakeholders' participation. Additionally, it limits WISEs' economic activities to certain fields. They define social business in a way that closely aligns with SEs as per the EU operational definition, with additional emphasis on social innovation and measurement of social impact.
LU	Law on Societal Impact Companies (SIS) (2016).	It provides a definition of SSE that closely aligns with the EU operational definition of SE. However, it does not emphasise stakeholders' participation.
LV	Law on Social Enterprises (2017).	It limits SEs to limited liability companies. Nevertheless, they must comply with criteria that are closely aligned with the EU operational definition. Additionally, staff's consent is needed to adopt the SE status.
MT	No official definition of SE, but a definition is included in the Draft law on social enterprise (2015).	It defines two types of SEs: social enterprise company (restricted to limited liability companies) and social enterprise organisation (envisaged for all other legal forms). Both are aligned with the EU operational definition of SEs, except that there is no reference to stakeholders' participation. Social enterprise companies shall comply with additional criteria (e.g., limitations on wages and volunteers, specific requirements on the memorandum of association).
NL	Neither official nor widely accepted definition. Social Enterprise NL, a national membership body, adopts the EU definition.	-
PL	Act on Social Cooperatives (2006). National Programme for Social Economy Development (2014, 2019). Draft Act on Social and Solidarity Economy (2017).	The national programmes and the draft act propose the introduction of a SE status. Both the SE status and the social cooperative definition closely align with the EU operational definition of SE with a strong emphasis on the fulfilment of pro-employment objectives for SEs delivering general interest services. Social cooperatives are limited to the work integration field.
PT	Cooperatives Code (51/1996). Law on Private Institutions of Social Solidarity (IPSS) (172-A/2014).	Both social solidarity cooperatives, introduced by law 51/1996, and IPSSs are defined in a way that closely aligns with the EU operational definition of SE.
RO	Law on Social Economy (219/2015).	It provides a definition of SE and social insertion enterprise which closely match the EU operational definition. The law introduces the principle of equity in wage policy.
SE	Strategy for Social Enterprises and Social Innovation (2018).	It aligns with the EU operational definition and places a strong emphasis on social innovation.
SI	Act on Social Entrepreneurship (2018 revision).	It closely matches the EU operational definition and adds compulsory measurement of social impact.
SK	Act on Employment Services (5/2004 revised in 2008). Act on Social Economy and SEs (112/2018).	It introduces SEs, which are conceived in line with the general criteria of the EU definition but are confined to work integration. It provides a definition of SE that closely matches the EU operational definition except that it does not mention neither democratic governance nor asset lock.

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Country	Source of definition	Point of departure from the EU operational definition
UK	Different definitions used (e.g., Social Enterprise UK, Scottish Social Enterprise Network) alongside the broader definition given by the government in 2002 to guide subsequent policy and legislation. In 2004, the Companies Act institutionalised CIC.	The act defines CICs in a way that closely matches the EU operational definition of SE. CICs must be limited companies. No restrictions introduced regarding fields of activity provided that CICs serve the community and pass a community interest test.

Non-EU countries

Country	Source of definition	Point of departure from the EU operational definition
AL	Law on Social Enterprises (65/2016).	It limits SEs to non-profit organisations that must both engage in a restricted list of sectors of general interest and employ at least 30% workers from marginalised groups.
IS	Neither official nor widely accepted definition.	-
ME	No official definition.	-
MK	Neither official nor widely accepted definition. The definition of the draft act on social entrepreneurship (2015) is likely to be revised in the upcoming Strategy for the Development of the SE Ecosystem.	The draft limits SEs to the work integration field. While it defines SEs as entities providing goods and services on the market and using their profits primarily to achieve social objectives, no reference is made to stakeholders' participation and asset lock. It requires additional restrictive criteria (e.g., at least five employees and 50% workers from marginalised groups, wage limitations, etc.).
NO	No official definition.	-
RS	No official definition. Since 2012, various draft acts on SE..	-
TR	Neither official nor widely accepted definition.	-

1.2. Social enterprise drivers

1.2.1. Genealogy of social enterprise

Most social enterprises have their roots in the tradition of associations, mutual aid societies and cooperative and voluntary engagement that preceded the creation of the contemporary state bodies.

These traditions were then revitalised by the social and cultural mass movements of the late 1960s; by the reaction to the welfare state crises; by the democratic revolutions that took place in CEE countries after the collapse of communism; and, more recently, by the ecological challenges and the emergence of responsible consumption patterns. The global 2007 economic and financial crisis has, moreover, acted as a spur for emerging social enterprise initiatives, contributing to the development of these forms of enterprises in new fields of interest to local communities.

By focussing on the emergence of social enterprise in the mapped countries, table 5 identifies five groups of countries. While solidarity, collectivistic and philanthropic values are the background of social enterprise upsurge, with only slight differences across countries, country variations relate to the specific sectors in which the precursors of social enterprises emerged initially.

Table 5. Background of social enterprise emergence

Country	Background
Belgium, France, Italy, Portugal and Spain	The origins of SE are in solidarity and collectivistic values of associative, mutual and cooperative organisations in the fields of labour, agriculture, healthcare, retailing, credit, educational and recreational activities.
Austria and Germany	The origins of SE are in voluntary community-led associations that operated in health and social services, education and housing; cooperatives were mainly active in agriculture, credit and retailing, while mutuals operated in insurance and philanthropic initiatives that operated in humanistic fields, including arts and culture.
Nordic countries	The origins of SE are early solidarity experiences of mutual and cooperative organisations, associations and foundations, which ran in parallel with the development of social movements in the 19 th century. These organisations articulated social problems and addressed them with concrete initiatives. Foundations in support of the poorest individuals were popular in Sweden in the 19 th century.
United Kingdom	The origins of SE are in philanthropic tradition and early cooperative roots (Rochdale) in consumption/retailing.
CEE and SEE countries	Solidarity and collectivistic values were present in the philanthropic, associative and cooperative tradition prior to transition to a market economy, but they were suppressed under communist regimes and, following transition, suffered from the absence of an institutional framework, which had been severely weakened over the years.

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National reports confirm that social enterprises have emerged and developed thanks to the interplay between bottom-up (mainly community-led) and top-down (mainly externally led) dynamics.

While bottom-up dynamics have their roots in the longstanding tradition of the early forms of cooperatives and associations, top-down dynamics are strongly intertwined with the development of the welfare state systems.

In countries distinguished by both a poor degree of coverage of general interest services and a strong civic commitment and/or cooperative tradition, social enterprises have been initially boosted spontaneously by groups of citizens with a view to filling gaps in welfare and general-interest service delivery.

Conversely, in countries with extensive coverage, an important driver triggering the broad development of social enterprises has been the public funding of welfare services supplied by private providers. This approach was aimed at increasing flexibility and tailoring the provision of services to the evolution of needs arising in local communities as well as at improving efficiency. An additional external driver has been the introduction of policies specifically aimed at boosting the establishment of work integration social enterprises. European funding and donors' programmes have represented in this regard important resources, especially in CEE countries, which have relied significantly on structural funds and international aid.

Bottom-up and top-down drivers coexist in all countries studied. However, the relevance of each driver and the degree of interplay vary significantly over time and space depending on the type of welfare system, the degree of coverage of general-interest services, the relevance of cooperative and associative movements and the responsibilities borne by public and non-profit providers. In countries distinguished by a high degree of integration of social enterprises in the welfare system, bottom-up initiatives leaning towards a community- and volunteer-based approach continue to play a role. In countries in which bottom-up dynamics have initially played a key role, social enterprises are now strongly supported by public policies.

1.2.2. Bottom-up drivers

A significant number of social enterprises are set up because groups of citizens assume responsibilities hitherto ignored or not adequately dealt with by the public bodies in charge. These include the direct production of goods and services of general interest to the community. Since they contribute to addressing unmet needs through new organisational architectures, these social enterprise initiatives ought to be regarded as organisational innovations *per se*. The innovative feature of social enterprises is that citizens' mobilisation is structured in an entrepreneurial, organised and efficient manner. The institutionalisation of this bottom-up dynamic ensures the stable supply

of general interest services or goods to local communities with a view to fulfilling unmet needs. While having a strong local dimension, in many countries the emergence of social enterprises has contributed to modifying the welfare systems—sometimes profoundly—by extending the range of actors and redesigning the services supplied.

Most social enterprises are rooted in forms of collective awareness, such as the need to promote social justice, protect the environment, support the social and professional integration of disadvantaged individuals, fill gaps in general interest service delivery and sustain the development of marginalised and depressed localities. In other instances, social enterprises are grounded in initiatives of social workers and users, who commit themselves to designing new service models and implementing innovative social inclusion strategies to overcome the difficulty of public welfare providers in addressing emerging needs arising in society.

The widespread diffusion of bottom-up social enterprises boosted by either the community or social workers has typically coincided with a high degree of civic engagement and participation. The social and civic commitment of groups of citizens varies to a considerable extent across and within countries, and it is often connected to the existence of social movements promoting social justice and fighting against marginalisation of fragile groups of people. Civic engagement makes human (volunteers) and financial (donations) resources, as well as entrepreneurial skills, available for community-based initiatives. In Austria, the movement of social workers has been key in boosting the development of social enterprises to address pressing social problems (such as child poverty and sustainable housing) and also in lobbying for tailored support measures.

A clear spark of enthusiasm comes from young social enterprise practitioners in many EU Member States (e.g., Denmark, United Kingdom). A growth in awareness has been reported, for instance, in Scotland, where children exposed to the concept of social enterprise at school are now reaching adulthood.

Civic engagement also explains the ability of social enterprises to self-organise and set up networks for lobbying, coordination and replication purposes. This dynamic is especially widespread where there is a strong social economy and/or third sector tradition to pave the way for the emergence of new social enterprises and/or the transformation of existing organisations into social enterprises. At the same time, new communities of social entrepreneurs are blossoming and creating an enabling environment for triggering the establishment of new social enterprise initiatives through hub spaces. Conversely, where solidarity relations build mainly on family networks and informal community reciprocity, social enterprises struggle to emerge as a bottom-up dynamic. Examples include the Czech Republic, Hungary and Slovakia, where values of cooperation and social justice have been discredited during socialism and the low levels of trust, social consciousness, activism and poor entrepreneurial skills and inclination jeopardise the

capacity of citizens to self-organise. In Greece, the lack of a tradition of cooperation is also blamed as an important barrier hampering the development of social enterprises.

In the Czech Republic, Estonia, Latvia, Poland and Slovakia, individualism tends to outweigh mutual aid and dominates over a collective way of dealing with social and environmental problems. The widespread individualist culture is ascribed to the neo-liberal ideology that has so far predominated as a reaction to the communist planned economy.

1.2.3. Top-down drivers

Given the types of services provided, the development space of social enterprises is strongly shaped by the type of welfare system and public policies. In some countries social enterprise development has been boosted significantly by the reforms of welfare service provision. This is the case in Nordic countries in which the intertwined relationship of social enterprises with the public sector has on the one hand contributed to a culture of togetherness in accomplishing social and political goals and, on the other hand, to creating a weak entrepreneurial culture and state dependency.

One example of the top-down path is offered by the privatisation of services previously delivered by public providers, which is epitomised strongly by the United Kingdom and to variable extents by Nordic countries.

In these countries, market logics introduced by new public management reforms in the field of social policies have opened up new opportunities for social enterprises. However, while enabling for-profit providers to enter the market, these reforms have also crowded out many social enterprises. At the same time, this dynamic has also pushed social enterprises towards more market-like behaviours.

Public policies supporting social enterprise growth sometimes originate from schemes designed to increase efficiency and innovation in light of the proven inability of the public welfare supply to address complex and increasingly diversified needs arising in society (e.g., Denmark, Estonia, Germany and Sweden).

In many CEE and SEE countries where access to the EU has been a crucial change maker, the field of development of social enterprises has been significantly shaped top-down, specifically by the European Social Fund, with a focus on supporting several start-up programmes for WISEs. At the same time, in several CEE countries the provision of welfare services remains predominantly a state task (e.g., Hungary, Slovakia and Slovenia). Large amounts of public grants focussed primarily on employment generation and work integration have been awarded to support WISEs in Hungary and Slovakia. However, these programmes in Hungary still lack a long-term perspective, are rather bureaucratic and provide only project-based funding, resulting in high levels of insecurity for social enterprises.

A still marginal but growing component of the social enterprise movement originates in initiatives with a philanthropic background. This component can be found in all countries studied. It is sometimes boosted by the traditional business sector or by international donors' initiatives. Social enterprises driven by external inputs are especially common in Central and Eastern Europe, where donors' programmes and public funding schemes have played an important role in furthering the upsurge and consolidation of social enterprises. Two distinct phases can be identified. During the first phase, which started right after 1989, priority was assigned by international donors to "build" civil society as a vehicle through which to reintroduce democratic values. In the second phase, during the first decades of the twenty-first century, some international donors have progressively started to withdraw from the CEE scene. This phase has pushed many non-profit organisations towards a stronger entrepreneurial stance, thus paving the way for the emergence of social enterprises. International development and support organisations such as NESsT and Ashoka largely popularised the term social enterprise in the region. Their approach, focussed especially on building capacities of social entrepreneurs, has significantly shaped the way the concept was understood in CEE and SEE.

External resources, including traditional and venture philanthropy and social investment promoted by actors from both philanthropic and commercial backgrounds, have also played a role in furthering social enterprise emergence and development. Examples of recent supporters of social enterprise include corporate foundations and big corporations eager to have a social impact. Philanthropic funds and foundations have been instrumental in further developing in particular social enterprises that are more commercially robust, especially in countries in which social enterprises have a more longstanding history (e.g., United Kingdom).

Table 6. Drivers and trends of social enterprises

Type of welfare system	Main drivers boosting SE development	Examples of countries
Poor supply of welfare services by public providers and, traditionally, gaps in welfare delivery and strong civic engagement	<ul style="list-style-type: none"> > Bottom-up experimentation by groups of citizens of new services > Consolidation of SEs thanks to public policies that have regularised social service delivery 	Greece, Ireland, Italy, Portugal, Spain
Extensive public supply of social services, increasingly contracted out to private providers	<ul style="list-style-type: none"> > Privatisation of social services > Bottom-up dynamics 	Denmark, Finland, Norway, Sweden, United Kingdom
Extensive public and non-profit welfare structures, covering the majority of the needs of the population	<ul style="list-style-type: none"> > Public support system designed to support work integration > Bottom-up emergence of SEs to address new needs 	Austria, Belgium, France, Germany, Netherlands
Welfare systems that have undergone drastic reforms, weak associative and cooperative tradition	<ul style="list-style-type: none"> > Public policies (start-up grants) specifically tailored to support WISEs > Initiatives with philanthropic background and donors' programmes 	CEE and SEE countries



2

SOCIAL ENTERPRISE ECOSYSTEMS: COMPARATIVE PERSPECTIVE

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The previous version of the mapping study introduced the concept of the ecosystem, focussing on six features considered important for supportive policy frameworks in this field. Later, the Better Entrepreneurship Policy Tool, jointly developed by the European Commission and the OECD, included seven features of an enabling policy ecosystem.

These previous boxes have their merits, notably in helping policymakers to keep the various aspects and their connections in mind, when designing or assessing policies in this field.

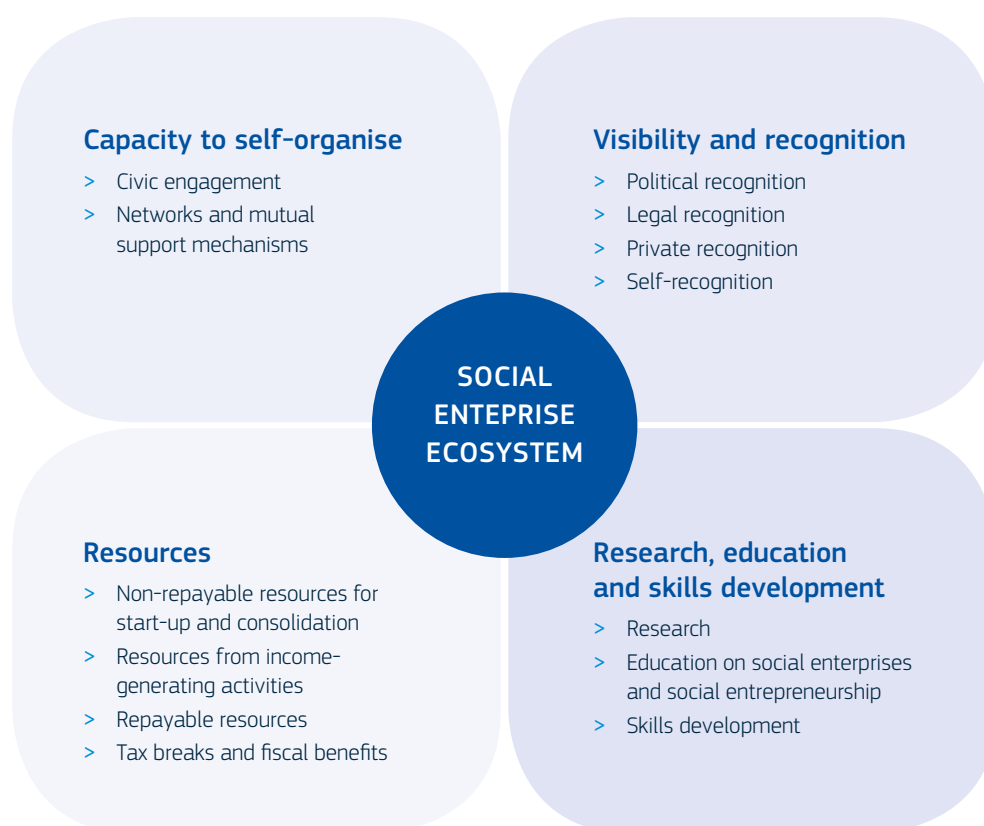
In the present report, the social enterprise ecosystem is presented from a more analytical perspective. It builds on four distinct pillars:

- > citizens' ability to self-organise, which drives the upsurge and development of social enterprises from the bottom up;
- > the degree of visibility and recognition enjoyed by social enterprises at different levels (political and legal recognition, recognition through private marks and self-recognition by the same social enterprises);
- > the capacity to access different kinds of resources, including resources for establishment and consolidation, resources from income-generating activities, repayable resources and tax breaks and fiscal benefits;
- > the development of research aimed at exploring social enterprise from a national and comparative perspective and the existence of educational and skills development opportunities designed to enhance the competitive advantages of social enterprises in tackling economic and social concerns.

The ecosystem is shaped by the interplay between all these factors. The country reports demonstrate that the relative importance of the different components varies significantly across countries and over time, depending on the phase of development of the social enterprise.

The following sections describe each component of the ecosystem with a view to assessing their relevance and key challenges in the countries studied.

Figure 2. Social enterprise ecosystem



2.1. Capacity to self-organise

2.1.1. Civic engagement

Social enterprise emergence is reinforced by the social and civic commitment of groups of citizens. Citizen-driven initiatives whereby groups of citizens have set up organisations, often as volunteers and with few resources at their disposal, to address new needs and societal challenges and/or integrate disadvantaged people through work exist in all countries studied.

In addition to the social domain, new opportunities for social enterprises to engage local populations exist, for instance, in local development, energy and environmental protection (Germany).

Very high degrees of citizen participation have in general contributed to the broad diffusion of new social enterprise initiatives. Conversely, social enterprises tend to be less developed—and voluntary engagement is less common—where solidarity relations build mainly on family networks, bonding social capital and informal community reciprocity; examples include Bulgaria, the Czech Republic, Estonia, Hungary and some southern Italian regions, where the low levels of trust, social consciousness and activism of the general public towards solidarity movements are hindering factors.

2.1.2. Networks and mutual support mechanisms

Where they are active, social enterprise movements and second-/third-level organisations have played a key role in supporting the growth of social enterprises. In the countries concerned, cooperative movements and, sometimes, second-level associations have been key for the legitimisation of a new type of cooperative, with a declared social aim. Moreover, they have successfully lobbied for the introduction of enabling policies by participating in the drafting of new legislation and policies focussed on social enterprises (e.g., Croatia, Czech Republic, France, Italy, Spain). Networks have also been important as a strategy whereby social enterprises have succeeded both in rendering their innovative models easily replicable and in meeting the growing demand for the services they provide. At the same time, the emergence of social enterprises where networks are weak or almost non-existent (e.g., Cyprus, Malta) has been much slower and more complex than in countries distinguished by strong networks (e.g., Czech Republic, Italy, Luxembourg, United Kingdom). Therefore, networks themselves constitute a crucial mutual support mechanism, but they are also important to creating and supporting other types of mutual support mechanisms (e.g., private marks, awards and prizes, funding opportunities, co-working spaces, etc.).

National reports and country fiches offer numerous examples of networks and platforms as well as mechanisms of mutual support. The main roles of networks are to improve recognition and society's awareness of social enterprises; to advocate and inform policy-making; to foster mutual learning and exchange; and to provide services to their members. Particularly noteworthy are those second-level organisations, consortia and umbrella organisations, which increasingly provide business support services specifically to social enterprises. These include networks supporting the activities of social enterprises and their launch, growth and replication, in many instances through *ad hoc* capacity building and training programmes for and on social enterprises (e.g., Belgium, Finland, France, Ireland, Italy, Latvia, Lithuania and Spain).

Although the number, rate of creation and evolution of networks across Member States makes it difficult to capture them in a static picture, table 7 attempts to distribute them according to their focus. In addition to the geographic focus (e.g., regional networks), social enterprises are increasingly creating networks focussed on sectors of activity or the type of business model (e.g., work integration, healthcare associations, renewable energy). A third category of networks are traditional umbrella organisations that focus on specific organisational forms (or "families", as they are known). These organisations are especially widespread in countries with a high degree of institutionalisation of the social economy. However, only those that actively recognise the potential of social enterprise and support its development have been included. Given the vast number of local, regional and national organisations that would be concerned and the variability in the extent to which they embrace social enterprise, table 7 focusses on the first two types of networks that are mentioned in some of the country reports.

Table 7. Social enterprise networks in Europe (examples)

Network principle	EU/International	National/Federal	Regional
Transversal (across all sectors of activity)	<ul style="list-style-type: none"> > DIESIS > EUCLID Network > Intercontinental Network for the Promotion of Social Solidarity Economy (RIPESS) 	<ul style="list-style-type: none"> > Tailwind Association for Public Benefit Cooperatives (AT) > Together More Social Entrepreneurship, GEMSE (AT) > Thematic Network of Social Economy, TESSEA (CZ) > Social Enterprise Network (DK) > Estonian Social Enterprise Network, ESEN > Social Solidarity and Regional Development Network, Kapa Network (EL) > Coordination of KoinSEps (EL) > Ellenic Federation of KoiSPEs > Finnish Social Enterprise Coalition "Arvo-liitto" > Movement of Social Entrepreneurs, MOUVES (FR) > Croatian Network of Social Enterprises > Social Entrepreneurship Forum, SEFOR (HR) > ACTGroup (HR) > National Federation of Social Enterprises, TAVOSZ (HR) > National Federation of Social Cooperatives, SzoSzöv (HU) > Irish Social Enterprise Network > Social Enterprise Task Force, SETF (IE) > Social Entrepreneurs Ireland > Consorzio Nazionale della Cooperazione Sociale Gino Mattarelli, CGM (IT) > Idee in Rete (IT) > Federsolidarietà (IT) > Legacoop sociali (IT) > Association of Social Businesses (LT) > Luxembourgish Union of Social and Solidarity Economy, ULESS > Social Entrepreneurship Association (LV) > Social Enterprise NL > National Audit Association of Social Cooperatives (PL) > National Confederation of IPSS, CNIS (PT) > National Federation of Social Solidarity Cooperatives (PT) > Slovenian Association of Social Economy > Social Enterprise UK, SEUK 	<ul style="list-style-type: none"> > Social Innovation and Enterprise Cluster, SINEC (CZ) > Regional Mechanism of Social Cooperative Enterprises of Attica (EL) > Social Cooperative Enterprises Network: Western Macedonia, Central Macedonia, Eastern Macedonia and Thrace (EL) > Waterford Social Enterprise Network (IE) > Social Enterprise Scotland (UK) > Scottish Social Enterprise Network (UK) > Social Enterprise Northern Ireland (UK)

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Network principle	EU/International	National/Federal	Regional
Activity field-based	<ul style="list-style-type: none"> > European Network of Social Integration Enterprises (ENSIE) > European Federation of Renewable Energy Cooperatives (RESCOOP) > RREUSE 	<ul style="list-style-type: none"> > <i>Arbeit plus</i> (AT) > National Federation of Social Integration Enterprises, FADEI (ES) > Spanish Federation of Special Employment Centres, FEACEM > <i>Chantier École</i> (FR) > Federation of insertion enterprises, FEI (FR) > National Federation of Social and Solidarity Economy, COORACE (FR) > Réseau Financement Alternatif and Hefboom (BE) > Lithuanian associations of WISEs > Union of ZAZs (PL) > Social Insertion Enterprise Network (PT) > Romanian Network of Social Insertion Enterprises, RISE > Network of WISEs, SKOOPI (SE) 	<ul style="list-style-type: none"> > Atout EI (Wallonia, BE) > Vlaamsinvoegplatform (Flanders, BE) > Union of WISEs for PWDs (Klaipeda, LT) > Associations of WISEs (Kaunas, LT) > Solidarity Economy Network (Azores, PT)

Multi-stakeholder platforms around social enterprise carry in them a strong potential for articulating a dialogue across sectors and engaging policymakers and other relevant actors in the discussion and in international dialogue (e.g., the Austrian GEMSE and the Croatian SEFOR).

Regarding support mechanisms, they incorporate initiatives that encompass the “hardware” for developing sustainable social enterprises (e.g., working space, finance) as well as the “software” (e.g., networking and visibility). Indeed, networks themselves can be considered software and often open the door to hardware entrepreneurial elements that are crucial for social enterprises.

Informal networks exist both in countries with higher levels of social enterprise institutionalisation (e.g., the Danish Committee on Social Economy) and in countries in which social enterprise is a recent phenomenon (e.g., the Croatian Network of Social Enterprises).

Overall, significant differences are nevertheless noticeable across countries: while in some countries a plurality of networks with representation, lobbying and coordination purposes exist (e.g., Belgium, Denmark, Finland, France, Italy, Sweden, United Kingdom), in CEE and SEE countries intermediary structures and networks representing or gathering social enterprises are poor. In Slovakia, there are no dedicated formal networks at all, whereas Ireland and Spain are placed in between, with some networks playing mainly a representation and support role.

It is worth mentioning that, in order for these self-initiated networks to emerge, there needs to be a pre-existing community. In this sense, co-working spaces that generate

a community of social entrepreneurs like the international network Impact Hub and the organisation of awareness-raising and networking events at the national and federal level (such as “Social Business Day” in Austria and “Social Enterprise Bulgaria”) are of paramount importance to create such basis. Likewise, capacity-building initiatives launched by international organisations like Ashoka, the Schwab Foundation for Social Entrepreneurship and NESST are often mentioned in the national reports as relevant for social enterprises despite their different approaches to the operational definition. National organisations like P3-People, Planet, and Profit in the Czech Republic are also mentioned as critical actors in increasing the capacity of social enterprises. Also important to increase visibility and create a sense of community are prizes and awards aimed at social enterprises and their contribution to society, prizes which seem to sprout across Member States (e.g., the “Social Impact Award” in the Czech Republic and Slovakia; the “Social Economy Prize” in French-speaking Belgium and the “ESF-Ambassadors” nomination in Flanders, which is held in the context of a European Social Fund programme). Finally, many information platforms are mentioned in the national reports as key in order to raise the profile of social enterprises nationally and locally.

2.2. Visibility and recognition

2.2.1. Political recognition

All country reports confirm that the political recognition of social enterprises has increased in relevance over the past decade in both EU Member States where social enterprises and bordering phenomena have a longstanding tradition and in countries where social enterprise is a relatively recent trend. This is the case, for instance, in CEE and SEE countries where social enterprises have shifted from the margins to the centre of the policy debate.

Depending on the country, the political recognition of social enterprise has taken place in different periods and through various tools. These tools include the creation of specific ministerial units, structures and departments at the central (e.g., in Luxembourg, Slovakia and United Kingdom) or regional/municipal level (e.g., Denmark and the Netherlands) in charge of promoting social enterprises or a broader set of organisations, such as the social economy (e.g., France and Spain). Reforms of the key domains of intervention of social enterprises have also led to a direct/indirect recognition of their role as provider of specific types of general interest services (e.g., reforms in the domains of welfare, employment, public procurement, etc.). Some countries have furthermore adopted specific national or regional/local policy strategies focussed on the social economy or social enterprise, which have contributed to their acknowledgment. In some countries, such as Denmark and the Netherlands, the definition of strategies for social enterprises

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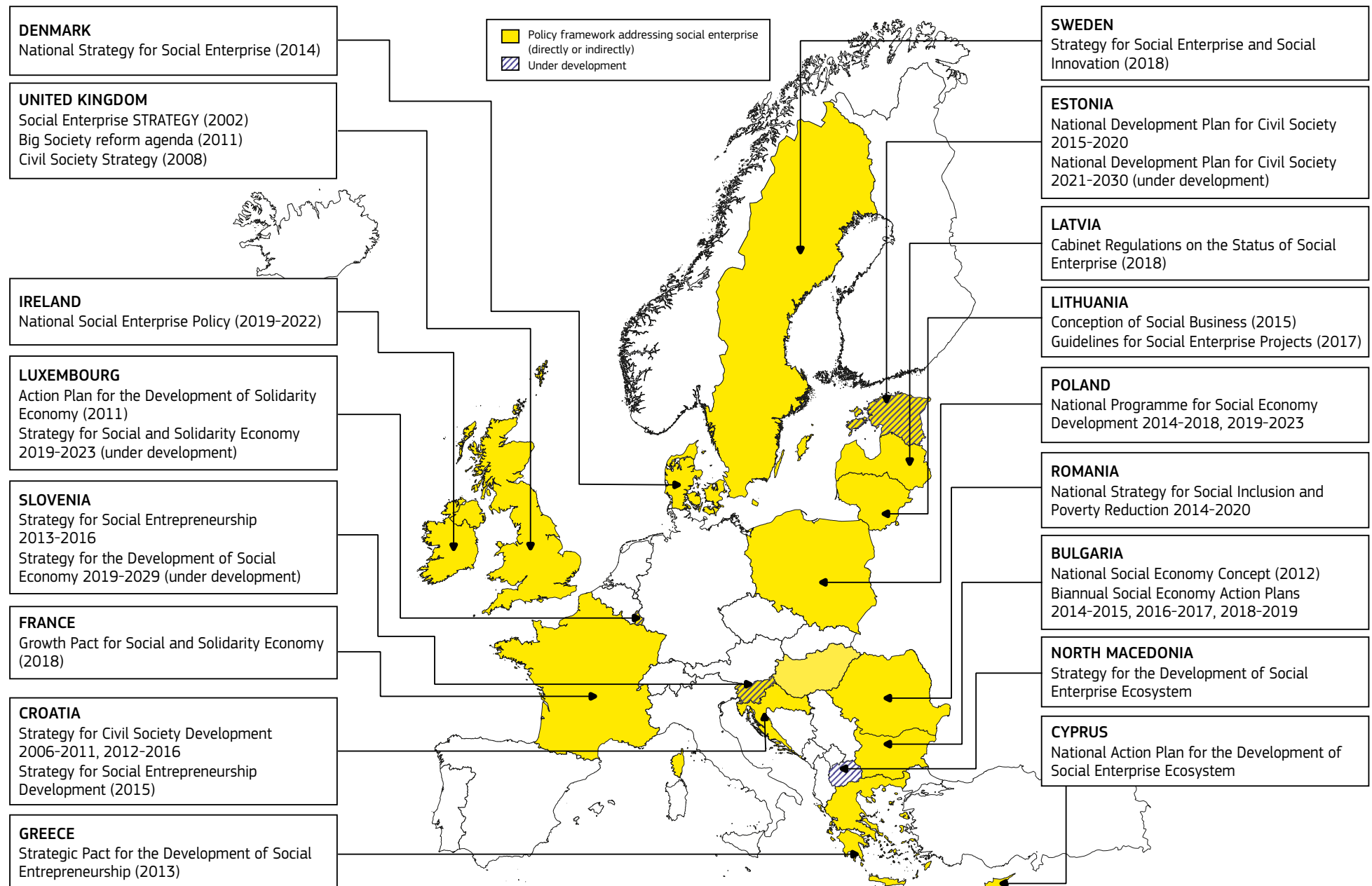
has been devolved to municipal and local authorities. Examples of national strategies are provided by Bulgaria (National Social Economy Concept of 2012); Croatia (Strategy for Civil Society Development 2012-2016 and Strategy for Social Entrepreneurship Development of 2015); and Poland (National Programme for Social Economy Development of 2014-2018 and 2019-2023).

Moreover, relevant strategies that contribute to supporting social enterprise development have been adopted in the United Kingdom and Estonia. In the United Kingdom, the recent Civil Society Strategy sets out a vision for social enterprise and expresses the need to reinforce social value assessments within contracts. In Estonia, a new National Development Plan for Civil Society will be launched after 2020: it will refer explicitly to social enterprises as influential civil society actors.

In non-EU countries, a minor recognition was accomplished by official policy documents and EU funding operational programmes that refer explicitly to social enterprise. This is especially the case in Albania, Montenegro, North Macedonia, Serbia and Turkey.

The initial political will, which triggered the adoption of policy strategies in Croatia and Denmark, was followed by a subsequent loss of political commitment to continue what had been started. In the case of Cyprus, the implementation of the national action plan for the development of a social enterprise ecosystem is not yet effective pending the adoption of a new law that defines social enterprise.

Figure 3. Countries with policy frameworks targeting social enterprise



2.2.2. Public recognition through laws, statuses and accreditation schemes

From a comparative perspective, two groups of countries can be identified: those that have introduced legislation designed specifically for social enterprises with a view to furthering their development and those in which social enterprises are not fully regulated.

In the first group of countries, legal recognition has enabled the definition of the aims, features and fields of activity of social enterprises. As outlined in table 8 below, two distinct paths have been followed:

- > Adjustment of existing regulations: cooperative regulations have been adjusted in France (collective interest cooperative society); Czech Republic, Hungary, Italy and Poland (social cooperative); Germany (social and cultural cooperative); Greece (limited liability social cooperative and social cooperative enterprise); Portugal (social solidarity cooperative); and Spain (social initiative cooperative). Company laws have been adjusted in the United Kingdom (community interest company) and Latvia (limited liability company).¹⁰ Belgium has recently introduced a social enterprise national accreditation scheme that is applicable only to cooperatives. It enables the identification of cooperatives that pursue explicit social aims.
- > Introduction of a social enterprise legal status/qualification/accreditation scheme that can be adopted by a variety of legal entities—for-profit and non-profit—provided that they comply with new criteria, in addition to the fulfilment of the criteria already in force for the legal forms entitled to qualify. Examples of countries that have introduced a social enterprise status include Italy, Denmark and Slovenia. An accreditation scheme for work integration social enterprises applicable to a plurality of legal forms has been introduced for instance in: Austria, Bulgaria, Croatia, Germany, Poland, Romania, Slovenia, and Spain. Accreditation schemes for work integration social enterprises are regulated at the regional level in Belgium. A recent trend has been the introduction of a legal status qualifying the social enterprise within a broader recognition of the social and solidarity economy, social economy or the third sector in Bulgaria, France, Greece, Italy, Luxembourg, Romania and Slovakia.

In the second group of countries, which includes, among others, Austria, Estonia, Germany, the Netherlands and Sweden, different reasons explain the decision not to introduce specific legislation for social enterprise.

(10) Indeed, legislation in the United Kingdom and Latvia could be alternatively classified as an adjustment of company law or as a social enterprise qualification limited to companies that fulfil the criteria. Indeed, in all the other countries mapped, legal statuses can be adopted by a variety of legal forms, including non-profit organisations and conventional enterprises.

In the case of Germany, the clear differentiation between initiatives for the public benefit and for-profit initiatives explains why there is apparently no need for a specific legal framework for social enterprises. However, while German society draws clear distinctions between the social and the economic spheres, the public benefit regulation limits the entrepreneurial scope of *de facto* social enterprises, thus hampering their potential development. In the case of Austria, no consensus exists regarding whether it would make sense to give the different legal traditions of social enterprises a unified legal frame.

The Netherlands presents a different picture. Consistent with the Dutch government decision to support social entrepreneurship as an approach rather than social enterprises as types of organisations, there is no legal framework in place dedicated to social enterprises.

Having said that, social enterprises have in many cases emerged and continue to emerge using legal forms that have not been designed specifically for them also in countries where social enterprises have been legally recognised. In countries where a significant degree of freedom in the performance of entrepreneurial activities by non-profit organisations is permitted, the most widespread path to setting up social enterprises remains the use of the legal form of association and/or foundation (e.g., France, Belgium, Austria, Germany, the Netherlands and Turkey). However, associations and foundations often show different types of limitations (e.g., in attracting risk capital, engaging workers, etc.), hampering their full consolidation as social enterprises. To tackle this problem, they are sometimes pushed to set up subsidiary companies as trading arms.

Noteworthy is the introduction, especially in CEE, of legal forms specifically designed for managing particular types of activities with a social focus. In the early 1990s, new non-profit legal forms have been introduced in the Czech Republic (public benefit company), Poland (public benefit organisation), Slovakia (non-profit organisation providing public services), and Slovenia (*zavod*). All of these non-profit legal entities, which have been conceived to deliver a broad range of general interest services, are widely used by social enterprises. However, despite demonstrating the typical characteristics of social enterprises, they are often not considered as such. Different reasons contribute to explaining this widespread reluctance: the fact that these types were regulated before the concept of social enterprise had emerged altogether; the introduction of specific legal forms that may have had a role in overshadowing *de facto* social enterprises; and the resistance of the same organisations to self-recognise as social enterprises.

The comparative analysis confirms that country specificity is extremely high and that the development of social enterprise does not necessarily require the adoption of specific legislation. Indeed, the absence of a specific legal framework does not necessarily hamper the emergence of social enterprises.

Figure 4. Countries with laws on specific legal forms or statuses for social enterprises

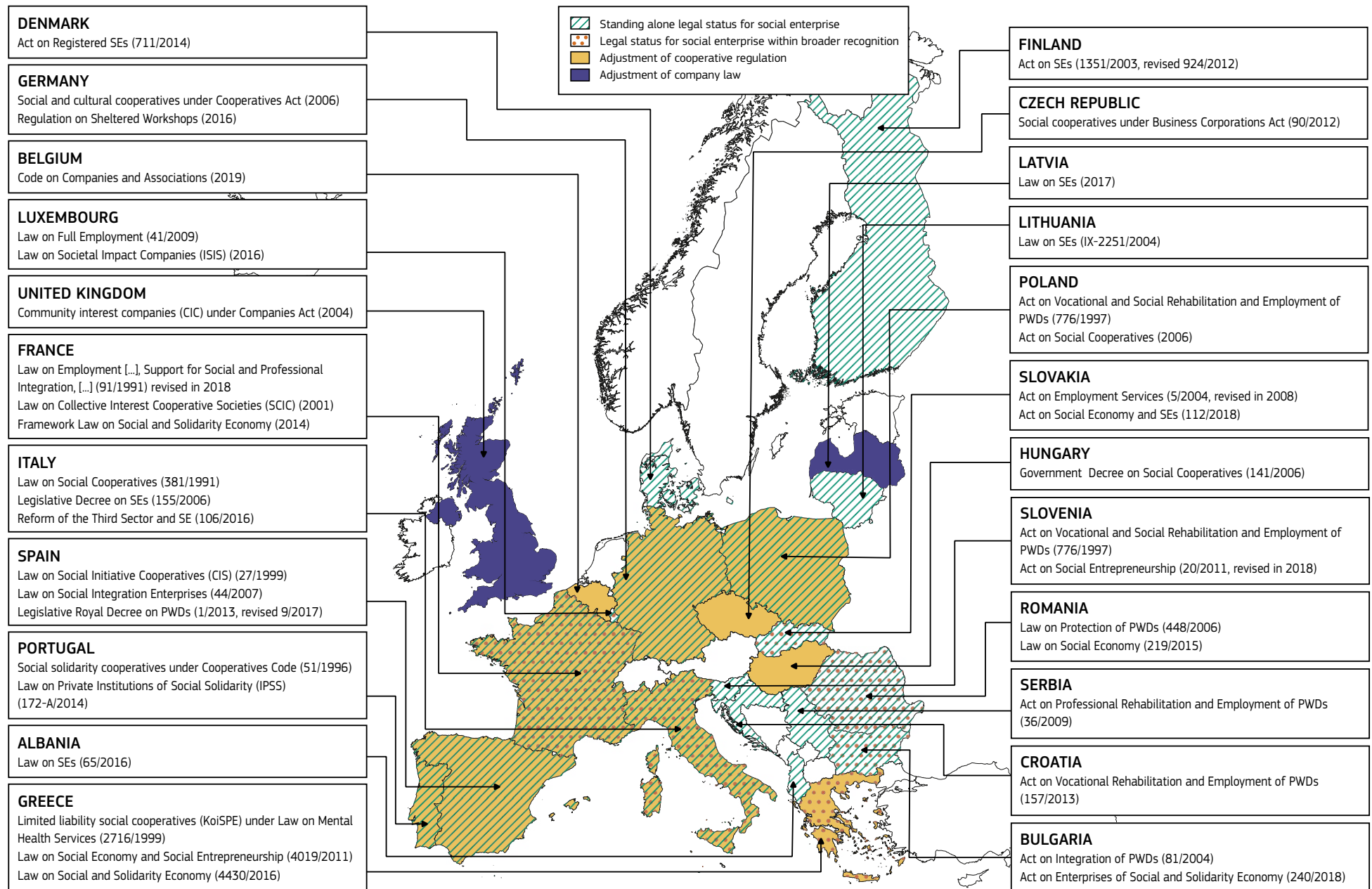


Table 8. Patterns of legal recognition

EU Member States

Country	Source of definition		Point of departure from the EU operational definition	
	Adjustment of cooperative regulations	Adjustment of company laws	Status introduced within a broader recognition of SSE/TS/social economy	<i>Ad hoc</i> status for WISE or SE delivering a broad set of general interest services
AT	-	-	-	Socio-economic enterprise (SÖB) Non-profit employment project/company (GBP) Integrative enterprise (IB)
BE	Social enterprise accreditation for cooperatives (2019)	-	-	Social purpose company (1995 repealed in 2019) Work integration social enterprise ⁽³⁾
BG	-	-	Social enterprise (class A and class A+) under the Act on Enterprises of Social and Solidarity Economy (240/2018)	Enterprise of PWDs (81/2004)
CZ	Social cooperative (90/2012)	-	-	-
DE	Social and cultural cooperative (2006)	-	-	Enterprises for the inclusion of PWDs (2016) Enterprises for the integration of persons with other permanent labour market disadvantages (2016)
DK	-	-	-	Social enterprise (711/2014)
EL	Limited liability social cooperative (KoiSPE) (2716/1999 and 4430/2016) Social cooperative enterprise (KoinSEp) (4019/2011 and 4430/2016)	-	Law on Social Economy and Social Entrepreneurship (4019/2011) Law on Social and Solidarity Economy (4430/2016)	-
ES	Social initiative cooperative (CIS) (27/1999)	-	-	Social integration enterprise (44/2007) Special employment centre (1/2013, revised 9/2017)
FI	-	-	-	Social enterprise ⁽⁴⁾ (1351/2003, revised 924/2012)

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Country	Source of definition		Point of departure from the EU operational definition	
	Adjustment of cooperative regulations	Adjustment of company laws	Status introduced within a broader recognition of SSE/TS/social economy	<i>Ad hoc</i> status for WISE or SE delivering a broad set of general interest services
FR	Collective interest cooperative society (SCIC) (2001)	-	Solidarity enterprise of social utility (ESUS) under Framework Law on Social and Solidarity Economy (2014) Cooperative of activity and employment (CAE) under Framework Law on Social and Solidarity Economy (2014)	Insertion enterprise (91/1991, revised in 2018)
HR	-	-	-	Integrative workshop (157/2013) Sheltered workshop (157/2013) Social enterprise under the Strategy for Social Entrepreneurship Development (2015)
HU	Social cooperative (141/2006)	-	-	-
IT	Social cooperative (A-type and B-type) (381/1991)	-	Social enterprise under the Reform of the Third Sector (106/2016)	Social enterprise (155/2006)
LT	-	-	-	Social enterprise ⁽⁵⁾ (IX-2251/2004)
LU	-	-	Societal impact company (SIS) (2016)	Work integration organization (41/2009)
LV	-	Social enterprise (2017)	-	-
PL	Social cooperative (2006)	-	-	Professional activity establishment (ZAZ) (776/1997)
PT	Social solidarity cooperative (51/1996)	-	-	Private institution of social solidarity (IPSS) (172-A/2014)
RO	-	-	Social enterprise (219/2015) Social insertion enterprise (219/2015)	Sheltered workshop (448/2006)

Country	Source of definition		Point of departure from the EU operational definition	
	Adjustment of cooperative regulations	Adjustment of company laws	Status introduced within a broader recognition of SSE/TS/social economy	<i>Ad hoc</i> status for WISE or SE delivering a broad set of general interest services
SI	-	-	-	Company for PWDs (2004) Employment centre (2004) Social enterprise (20/2011, revised in 2018)
SK	-	-	Social enterprise (112/2018)	Work integration social enterprise (5/2004, revised in 2008)
UK	-	Community interest company (CIC) (2004)	-	-

Non-EU countries

Country	Source of definition		Point of departure from the EU operational definition	
	Adjustment of cooperative regulations	Adjustment of company laws	Status introduced within a broader recognition of SSE/TS/social economy	<i>Ad hoc</i> status for WISE or SE delivering a broad set of general interest services
ATL	-	-	-	Social enterprise (65/2016, approved but not yet in force)
RS	-	-	-	Work integration social enterprise for PWDs (36/2009)

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As showed in figure 5 below, since 2011, when the European Commission's SBI was launched, many new laws have been introduced or are being discussed.¹¹ This indicates that the SBI had significant impact also at national level, although there have also been other drivers influencing the development. Moreover, many countries lacking specific legislation or strategy on social enterprises have started to pay attention to social enterprises. Countries with draft laws include Cyprus, the Czech Republic, North Macedonia, Malta, Poland and Serbia. In Albania, the Law on Social Enterprises was approved in 2016, but it is not yet in force.

Figure 5 illustrates the timeline of social enterprise recognition. It focusses only on legal acts, legislation and framework laws that have contributed to defining and regulating the diverse types of social enterprises by introducing new legal forms, statuses and accreditation schemes.¹² Many of these legal innovations do not explicitly mention the term social enterprise.

The timeframe between 1991 and 2001 has been marked by the introduction of a significant number of new laws that have adjusted cooperative regulations both to serve non-members and/or the community and/or allow for the integration into work of disadvantaged persons. Since 2001, an increasing number of countries have opted for legislation introducing statuses that allow for the qualification of a wide set of organisations that engage in a broad spectrum of fields of general interest as social enterprise. The most recent trend of introducing statuses expanding the entitled types of organisations and fields of activity is meant to better valorise the rich potential of civil society to meet new needs arising in communities. A very recent trend is to recognise the social enterprise through framework laws acknowledging a wider phenomenon: the social economy, the social and solidarity economy or the third sector (i.e., Bulgaria, France, Greece, Italy, Luxembourg, Romania and Slovakia).

(11) Since 2011, 16 EU Member States have adopted new legislation concerning various types of social enterprises.

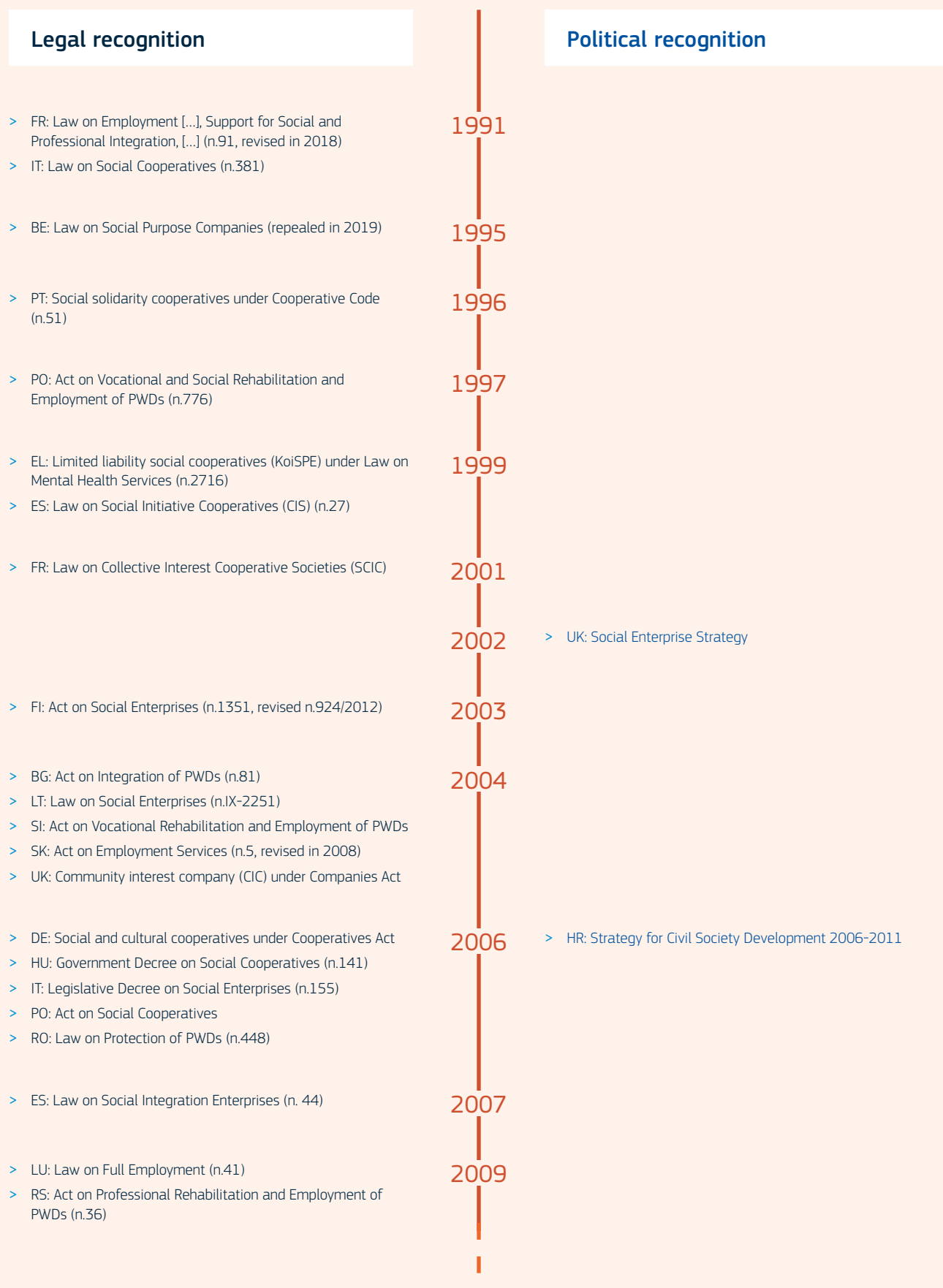
(12) Figure 5 does not refer to the framework laws on the social economy that were adopted in Spain (Law on the Social Economy 5/2011) and Portugal (Framework Law on the Social Economy 30/2013), because do not refer explicitly to social enterprise. They provide for a symbolic recognition of the social economy and do not create or regulate new entities but simply group together all the existing entities that form the social economy (and remain regulated by pre-existing regulations). Thus, while they both contributed indirectly to improving the policy environment wherein social enterprises operate, these two framework laws did not contribute to furthering the recognition of the social enterprise specifically.

Similarly, since the Croatian act (34/2011, 125/2013, 76/2014) and Serbian act on cooperatives merely recognise the existence of social cooperatives without defining them, they are not mentioned in figure 5.

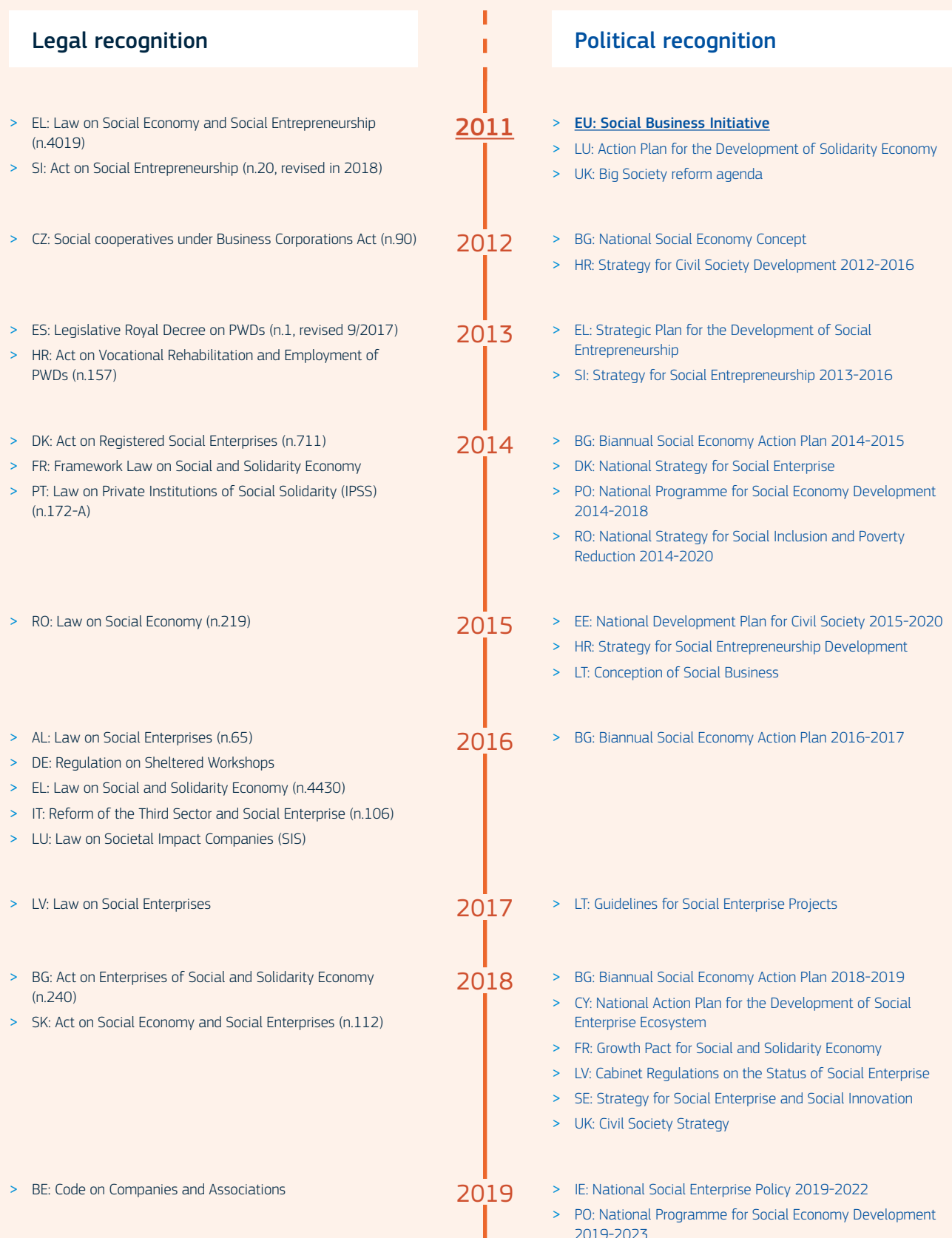
There are also a couple of countries that maintain public registers of social enterprises. For example, in Sweden there is a list of WISEs administered by the Swedish Agency for Economic and Regional Growth, whilst in Slovakia the Ministry of Labour, Social Affairs and Family maintains a register of social enterprises regulated by the Act on Social Economy and Social Enterprises (112/2018). In Denmark, the National Strategy for Social Enterprise (2014) introduced a registration tool, “Registered Social Enterprises” (RSV), which is the first formal platform for documenting social enterprises in the country.

Figure 5. Timeline of social enterprise recognition

Timeline of social enterprise recognition



Timeline of social enterprise recognition



2.2.3. Private recognition through marks, labels and certifications

In addition to a public recognition system for social enterprises, some countries also employ a system of private marks, labels and certifications. These schemes are progressively achieving wider adoption in Austria, Finland, Germany, Poland and the United Kingdom. One reason behind the creation of private certification schemes is the willingness of the concerned enterprises to signal their specificity, given the lack of *ad hoc* laws and strategies designed for social enterprises or concrete incentives pushing social enterprises to register as such.

This is the case, for instance, in Finland, where the Social Enterprise Mark promoted by the Association for Finnish Work has gained more success than the status of WISE introduced by the Finnish social enterprise law, as social enterprises see in the mark a competitive advantage. Launched in 2011, the Social Enterprise Mark was intended for businesses that aim to address social or ecological problems and promote social aims.

Furthermore, referring to bordering dynamics related more widely to social entrepreneurship, noteworthy are the B Corporations based on external certification, reporting and scrutiny. Originated in the United States and managed in Europe by B Lab Europe, this new mark is gaining ground in an increasing number of EU countries, including Austria, Benelux, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Malta, Norway, Poland, Portugal, Spain, Sweden and Turkey.

Based on the B Corporation Directory, very few B Corporations (between 1 and 11) operate in most of the countries mapped. Exceptions include the United Kingdom (187 B Corporations), Italy (81 B Corporations), the Netherlands (71 B Corporations), France (70 B Corporations), Spain (43 B Corporations) and Germany (32 B Corporations).

Country reports also shed light on a number of certification schemes that do not refer explicitly to social enterprises but are aimed at gathering mission-driven and socially oriented enterprises that operate in the same fields or are inspired by similar values. The rationale for mentioning them is that they contribute to improving the overall environment in which social enterprises operate by increasing the social responsibility of the economic system. Some examples include the Common Good Balance Sheet developed by the global movement Economy for the Common Good; Fairtrade, Ecocert, Fair for Life, the World Fair Trade Organization labels; Transparency International by PHINEO (Germany); Finansol by Solidarity France; and Financité & FairFin (Belgium).

The next table focusses specifically on certification schemes for social enterprise.

Table 9. Countries with private marks, labels and certifications specific to social enterprise

Country	Name of scheme	Certification authority	Overview	Scale of participation
Austria	<i>Gütesiegel für Soziale Unternehmen</i>	Arbeit Plus and Quality Austria (network of WISEs)	It distinguishes WISEs that meet specified quality criteria. Since 2014, the label has been classified as “recognised for excellence” within the EFQM quality management system	36 (2019). The mark was introduced in 2010
Finland	Social Enterprise Mark	Association for Finnish Work (a non-profit organisation with prior experience in building brands)	It differentiates SEs and raises awareness of the SE business model. All types of organisations are eligible provided they meet given criteria	218 (2018). Since its introduction in 2012, the number has been constantly increasing
Germany	<i>Wirkt</i> (“It works”)	PHINEO (public benefit venture established by Deutsche Börse, the Bertelsmann Foundation, KPMG, PwC and the Mercator Foundation)	It distinguishes viable and effective social entrepreneurship initiatives deserving the attention of social impact investors. Organisations that apply undergo a multi-stage screening process and receive useful feedback to improve their impact	269 (2019). The mark was introduced in 2009. Only about 20% of applicants fulfil the criteria
Netherlands	Social Enterprise Mark (under development)	Social Enterprise NL (network of SEs)	The network is exploring the feasibility of a code of governance for SE to ensure that organisations that self-identify as SEs abide by the principles associated with SE	Under development
Poland	[eS] certificate - Social Economy Sign	Foundation for Socio-Economic Initiatives (FISE)	It is awarded to organisations that are finalists in the annual contest “The best social enterprise of the year”. All types of organisations can apply; in cases of entrepreneurial NPOs, only those carrying out unrelated business activity are entitled to apply	18 (2019). The certificate was introduced in 2011

Country	Name of scheme	Certification authority	Overview	Scale of participation
United Kingdom	Social Enterprise Mark	Social Enterprise Mark (CIC)	It provides an independently assessed guarantee that an organisation has met given criteria and operates as a SE committed to creating benefits for people and the planet. The accreditation is internationally available and recognised	314 (2014). ⁽⁶⁾ The mark was introduced in 2010

2.2.4. Self-recognition

Overall, national reports confirm that the potential of social enterprise is still far from being fully harnessed in most countries analysed. One of the factors explaining this is the still-limited recognition of social enterprise. This incomplete acknowledgment is not only due to the poor political and legal recognition of social enterprise. It can also be ascribed to the reluctance of many *de facto* social enterprises to self-recognise as such and the inability of the various forms of social enterprise (e.g., associations, cooperatives, legally recognised social enterprises) to speak with one voice or articulate their different voices. The lack of understanding regarding what constitutes a social enterprise among many of the concerned organisations also explains the weak self-recognition.

The degree of self-recognition varies to a significant extent across countries. In some countries, request for recognition of social enterprise has been advocated by the same social enterprises, cooperative movements and network organisations (e.g., France and Italy). Where social enterprises and their networks have actively engaged in this process, self-recognition tends to be stronger (e.g., Italy). Conversely, in countries where reforms and regulations have been introduced from the top down, self-recognition tends to be weaker (e.g., CEE countries).

In Slovenia, the majority of organisations labelled social enterprises based on the EU operational definition would not consider themselves as such. This is particularly the case for companies dedicated to people with disabilities that would rather consider themselves in a broader sense as social economy organisations.

In Belgium, the different types of organisations covered under the EU operational definition of social enterprise do not necessarily identify themselves as such. Rather, they tend to identify themselves either with the field of activity in which they are involved (e.g., welfare services, renewable energy, fair trade) and/or with the precise organisational forms they embody.

Cooperatives affiliate themselves with cooperative movements, associations with associative federations.

A similar situation can be found in Poland, where social enterprises are embedded in their place of origin, as in, for instance, the non-profit sector. The lack of a common identity and the reluctance of Polish social enterprises to recognise themselves as a united sector are ascribed to the fragmentation of the legal schemes.

In Finland, existing social enterprises are reluctant to register as WISEs since the legislation does not provide any special support or incentive and in Cyprus the term social enterprise tends to be used opportunistically when organisations wish to participate in EU projects.

Overall, however, the number of organisations that identify themselves as social enterprises is increasing. Organisations that are more reluctant to self-identify as social enterprises are non-profit organisations that are shifting towards an entrepreneurial stance (e.g., in Cyprus, Germany, Italy, Lithuania and Poland). Factors explaining this reluctance to self-identify as social enterprises include the concern of non-profit organisations that their reputations will be spoiled once they are identified as enterprises and that the possibility of benefitting from well-consolidated funding schemes and support measures will be compromised (e.g., in Cyprus, Italy, Lithuania and Poland). Another explaining factor is the narrow understanding of what a social enterprise is, which pushes organisations that are not WISEs to not self-identify as social enterprises (e.g., in Czech Republic, Finland, Poland and Sweden).

2.2.5. Impact of social enterprise recognition

The political and legal recognition of social enterprises has played a dual role, sometimes with ambiguity. On the one hand, it has contributed to capturing the bigger part of the phenomenon. It has given it visibility, and it has supported (or at least this was the intention) its development. The Community Interest Company Regulations introduced under company law in the United Kingdom in 2004 offer in this respect an interesting example of well-functioning legislation designed for enterprises that want to use their profits and assets for the public good. Although it does not provide any fiscal advantages, by empowering the community in the management of services at the community level in areas such as childcare provision, social housing, community transport or leisure, this new legal form has made starting, running and investing in a social enterprise more convenient. Moreover, it has had a positive impact on enhancing citizens' empowerment and trust in the context of privatisation of welfare services.

On the other hand, where only certain forms of social enterprise have been formalised (i.e., work integration enterprises in many EU countries), legislative interventions have involuntarily contributed to overshadowing the numerous *de facto* social enterprises—

that is, those that have not been formally recognised but produce important services of general interest.

The impact of legal recognition has been in general beneficial in cases in which the new legal acts have provided for a general acknowledgment of the diversity, have not imposed overly restrictive constraints and have introduced some fiscal advantages and where the social enterprise community has been actively engaged in the reform process. In Italy and Poland, social cooperatives have registered a significant increase in numbers right after the introduction of specific legal acts. Similarly, in the United Kingdom, the increase in the number of CICs has been relevant, especially over the last two years. Thanks to education and communication, there has been more awareness about this legal form as an alternative to a for-profit business. Indeed, new social enterprises are more likely to register as CICs than other forms. At the same time, social enterprises that close down are mostly the legal forms available before CICs came along.

Conversely, cooperative adjustment did not have the expected impact in France, given the complexity of the collective interest cooperative society legal form (in particular, given the multi-stakeholder ownership requirement). That said, the number of SCICs increases more rapidly every year. Similarly, the establishment of social cooperatives has been insignificant in the Czech Republic. Only a few social enterprises decided to adopt such a legal form. One reason for this might be that, unlike other EU countries, where traditional cooperatives were until recently not allowed to pursue explicit social aims (e.g., France, Germany, Italy), the cooperative legal form, as codified in the Czech law, has never been prevented from doing so. Recognition via legal status seems to have been not fully effective, especially in those countries where, out of fear of creating unfair competition with conventional enterprises, tight burdens and administrative constraints and irrelevant tax breaks have been introduced for social enterprises. One example is provided by Finland, where in 2018 there were only 37 registered WISEs employing 121 disabled and long-term unemployed individuals. In essence, a significant number of eligible organisations have decided not to apply for the social enterprise qualification (Belgium, Italy, Slovenia), preferring to stick with the status quo.

2.3. Access to resources

Access to financial resources is of critical importance for social enterprises, as for all other types of businesses. Financial resources are needed to support their start-up and consolidation as well as the continuity and growth of their activities. The availability of financial resources in all of the phases of the life of an enterprise is crucial, but they play different roles in each phase and come from different sources. In order to carry out

a useful analysis of both the demand for and the supply of financial resources for social enterprises at the European level—avoiding the generic claim that social enterprises “need finance”—it is important that the different needs for finance are considered separately. Finance for starting up is different from finance needed to cover operating costs, which in turn is different from finance for investments and growth.

In general, the access to financial resources for social enterprises is more complex than for other enterprises. Since they aim at generating positive social impacts and can only distribute profits to their funders and owners to a limited extent, if at all, they are not well suited for investors, whether individuals or financial institutions, that seek significant financial returns. The social and general interest nature of the goods and services they provide and the types of users they serve add further complexity. As shown by country reports, these peculiarities often prevent an accurate assessment of the financial needs of social enterprises. They may also hamper the identification of the most suitable mechanisms through which to access these resources.

For instance, given their non-profit nature, social enterprises struggle to raise the capital needed for starting up and consolidation: potential financiers have no chance to get an attractive compensation for the risk, even in the long term. At the same time, unlike conventional enterprises, social enterprises can normally rely on additional resources, whether private (human, such as volunteers, and financial, such as donations) or public (including in the form of dedicated fiscal advantages). These resources can, however, be insufficient or unstable. In some other cases, the resources made available for starting up and consolidation are not tailored to the specific features of social enterprises. As a result, they can fail to fully support their development.

Similarly, as social enterprises often engage in the production of goods and services that are either deliberately open access or addressed to users that are unable to pay, they tend to cover operating costs with a mix of public resources, sales revenues and membership fees. To ensure continuity, resources (especially the public ones) can hardly be derived only from grants and donations, as in the cases of many other non-entrepreneurial non-profit organisations, and instead need to be regulated by contracts. Failure to arrange a stable flow of resources is likely to jeopardise development opportunities for social enterprises and adequate coverage of the needs of citizens. As observed by the country reports, this failure is one of the major obstacles highlighted by national stakeholders.

Moreover, the peculiarities of social enterprises also affect their capacity to access financial resources to invest and grow. As social enterprises cannot guarantee significant (or even any) remuneration—depending on national regulations—it is difficult for them to obtain the necessary financial resources from private and traditional institutional investors. Additionally, social enterprises often encounter difficulties in accessing bank loans due to their still-limited presence and structuring as well as to insufficient knowledge of the peculiarities of social enterprises on the part of the banking system.

However, the financial ecosystem is improving: thanks to the increasing knowledge of the social enterprise phenomenon and a better understanding of the difficulties these organisations face, new projects and institutions are gradually emerging to fill the gaps discussed above.

The improvement of the ecosystem is also due in part to the increase in capitalisation levels made possible by the constraint on profit distribution and the asset lock with which social enterprises comply. Indeed, this accumulation of non-divisible assets over time facilitates access to financial markets, and particularly to the credit market. This result is especially clear in countries with a more consolidated and better recognised social enterprise ecosystem.

The analysis that follows separately addresses the availability and origins of the diverse types of resources depending on their function. In particular, it distinguishes four categories of financial resources: i) non-repayable resources to start up and scale, (ii) resources from income-generating activities, (iii) repayable resources mainly used to finance investments, and (iv) fiscal breaks, advantages and incentives. In addition, for each of the first three categories, the analysis specifies their origin: public or private.

2.3.1. Non-repayable resources to start up and scale

The growing interest in social enterprises, their development and their potential has led in various countries to the emergence of instruments, projects and institutions aimed at favouring their start-up and consolidation. In addition, social enterprises have been allowed to benefit from the initiatives and measures already in place for SME start-ups. Indeed, the existence of a support system that is comprehensive and coherent with the specific nature of social enterprises should be particularly important when they are emerging and in need of strengthening. The importance of such a support system is twofold: social enterprises contribute to increasing the overall level of entrepreneurship and, at the same time, help to develop responses to a variety of social problems.

The situation of the support measures for starting up and scaling of enterprises in general, including social enterprises, is very heterogeneous across Europe. Although some measures are present in all countries, they differ considerably in relation to their consistency, their promoters and—most importantly—their effectiveness. Promoters include a variety of institutions: ministries and local authorities, public and private financial institutions, foundations and networks of social enterprises or social economy organisations. Measures vary from grants and subsidies to consultancy services often provided by incubators and the competition of ideas. Furthermore, various support measures are not exclusively reserved to new enterprises and may benefit both existing and new enterprises, as in the case of measures that support activities or social innovation practices through the financing of projects that can be carried out by any enterprise or organisation. Nevertheless, only a few countries have adopted

support measures that are efficiently designed. Situations range from the availability of a large variety of coherent policy measures (e.g., the Netherlands and the United Kingdom) to a large variety of measures that are poorly coordinated (e.g., France) to very limited public support schemes altogether (e.g., Czech Republic and Sweden). In some countries (e.g., Slovakia), the system supporting social enterprises is changing rapidly and new mechanisms are expected to be implemented soon. Moreover, in most countries measures in favour of starting up are more developed than measures for scaling: only in a few countries (Germany is one example) are the two types of measures balanced and is there sufficient attention to the resources needed for scaling.

Table 10 below shows the diffusion of some of the main support measures for new social enterprises. At the moment, public measures are predominant, but measures supported by private institutions are widespread as well and are becoming increasingly important.¹³

Table 10. Availability of major support measures for starting up social enterprises

Type of support measures	Yes, without limitations	Yes, with limitations	Not available
Grants and subsidies from public authorities and European funds	Austria, Finland, Italy, Luxembourg, Malta, Netherlands, Poland	Belgium, Cyprus, France, Germany, Ireland, Latvia, Lithuania, Portugal, Romania, Slovakia	Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Greece, Hungary, Slovakia, Slovenia, Spain, Sweden, United Kingdom
Grants and other support from private stakeholders, foundations and second-level organisations	Austria, Belgium, Croatia, Czech Republic, Germany, Latvia, Lithuania, Luxembourg, Netherlands, Portugal, United Kingdom	Bulgaria, Estonia, France, Ireland, Italy, Malta, Portugal, Slovakia, Spain	Cyprus, Denmark, Finland, Greece, Hungary, Romania, Slovenia, Sweden
Private and public support for incubators and business innovation centres	Austria, Belgium, Cyprus, Estonia, Finland, Greece, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Spain	Croatia, Denmark, France, Germany, Hungary, Ireland, Italy, Portugal, Romania, Slovenia, United Kingdom	Bulgaria, Czech Republic, Poland, Slovakia, Sweden

Public grants and subsidies

Public measures designed to support the start-up and consolidation of social enterprises are found to some extent in all of the country reports, mainly in the form of grants and subsidies. However, countries differ, not only in terms of intensity of use but also in terms of (i) the array and types of support provided; (ii) the types of objectives pursued; (iii) the beneficiary organisations targeted; (iv) the management of the measures; (v)

(13) More detailed information is presented in appendix A.

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the public authorities entitled to establish and implement the support programmes (central versus regional governments); and (vi) the types of resources engaged.

The main types of public support are public grants for establishing new social enterprises; subsidies or tax and social security contribution exemptions for new social enterprises employing (mainly disadvantaged) employees; subsidies for supporting incubators or business innovation centres; and prizes for the winners of competitions of ideas.

Less important but worth mentioning for its potential impact on scaling is the “tax assignation system” mechanism addressed to non-profit organisations, including social enterprises that enables taxpayers to allocate a percentage of their taxes to a non-profit organisation of their choice (already adopted in Italy, Poland and Slovakia).

The measures supporting the establishment of social enterprises are of two types: measures focussing on a social issue, designed to help the creation or development of new social and general interest services or to promote social innovation practices, and measures directly focussed on supporting new (social) enterprises.

Public support focussing on social issues targets the activities of the enterprise, as when a grant aims at supporting a social project or social initiative that can be realised through a new social enterprise but could also be implemented in some other way. This happens when a public, mainly local, authority decides to promote the supply of a new service and finances the demand through a voucher that can be spent only for buying this specific service. This is especially the case for programmes that promote the social and work integration of disadvantaged people. Although such benefits are generally aimed at supporting disadvantaged people and are often quantified based on an individual’s difficulty in accessing work, they can also represent a way to support social enterprises. In Belgium, for example, most public active labour policies addressed to people who are difficult to employ target specific sectors of activity (e.g., recycling, health, etc.) or social missions (e.g., work integration, “proximity services”, etc.) that can be realised by any entrepreneurial form, including social enterprises. In Spain, specific measures have been designed to support labour integration enterprises and special employment centres of social initiative.

Support measures directly supporting social enterprises can be designed and targeted only at social enterprises or can be open to the start-up and consolidation of any enterprise or organisation of the social economy or of the non-profit sector more broadly. The need for specific measures supporting social enterprises is less important and widespread when public policies for all the entrepreneurial forms are well designed and adequately financed, as Germany, the Netherlands and the United Kingdom demonstrate.

In several countries, including France, Italy and Poland, the public support system, rather than targeting specific groups of organisations defined as social enterprises per se, is

geared towards specific types of entities (e.g., associations, social cooperatives, SCICs, CAEs, WISEs). In Poland, there are several targeted support measures specifically tailored for social cooperatives, while other social enterprise types, namely associations and foundations, have much more difficulty in accessing public support. Social enterprises are often supported only if they can be considered part of the social economy, especially when programmes are funded by the European Social Fund, which specifically targets social economy organisations.

National reports show that in many countries the ESF and to a smaller extent the European Fund for Regional Development have been game changers for the development of social enterprises, creating new opportunities and giving a new boost in countries where no or limited public measures addressing social enterprises existed. This is the case in particular in CEE, where the ESF is in some instances the only source of public support in the form of grants that is addressing specifically social enterprises and has enabled the emergence of a social enterprise ecosystem.

Depending on the country, support measures are established and run at different levels: only (or mainly) at the national level, only (or mainly) at the local/regional level, or, alternatively, at both levels. Examples of programmes managed at the national level are Austria and Germany (with the programme managed by Germany's Development Bank and the AWS, respectively). Most of the stakeholders interviewed for this study consider that close cooperation with local public authorities is often crucial for the development and implementation of support initiatives for innovative social enterprises. This is notably the case in Belgium, France, Italy, Poland and Spain, where policies for start-ups are very much decentralised. In the Netherlands, about 40% of the Dutch municipalities have developed some kind of support policy targeted at social entrepreneurship. It should be noted, however, that strong decentralisation may also result in significant regional differences.

Finally, countries also differ in terms of the sources of the financial resources used for the support schemes. Resources provided by local governments have proved more relevant than those made available by national governments. One element in this context is the way countries have used European structural and investment funds. Some countries have extensively used them to foster innovative start-ups and bottom-up experiences, while some countries (i.e., CEE) have also used EU funds to support their mainstream welfare service delivery. Business consolidation of social enterprises is supported to a lesser extent. In addition, many countries have chosen to use European Structural and Investment Funds (ESIF) to support primarily the development of WISEs and not all types of social enterprises. Additionally, by promoting transnational partnerships, ESIF have contributed to the spread of innovative entrepreneurship models throughout the Member States. Although some stakeholders interviewed for this study have expressed some criticism (see Section 5), there is a shared recognition of the positive contribution

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made by the ESIF to the formation and growth of the social enterprise sector, especially in countries in which it was less developed.

Private contributions and measures

Private contributions to start up and scale are made in terms of both human and financial resources. The latter can be made available by founders themselves or provided by third parties.

In terms of human resources, a major role in the emergence of the first and more innovative social enterprises and in lobbying for their recognition has been played and in some countries is still played by volunteers. They had a fundamental role in the early stages of the development of many national and local experiences, when the emerging social enterprises were not able to attract enough resources to support the costs of the services they provided. Volunteers often provided entrepreneurial skills as well.

As is generally the case for SMEs, a social enterprise can be started as a result of the financial resources provided by its promoters. Promoters can either be workers interested in a job position related to a specific activity (such as social workers desiring to engage in the provision of a social service) or users needing to benefit from a service not provided by other actors (as in the case of families in need of a nursery). In addition, both workers and consumers may offer the social enterprise their human resources for wages lower than the market wages, at least until the enterprise is sufficiently established. The combination of volunteers with the financial resources provided by founders is how social cooperatives emerged in Italy and how community social enterprises developed in the United Kingdom and several other countries.

More recently, in various countries several mainly grant-making foundations are increasingly developing support measures addressed to social enterprises. This is the case for traditional and new foundations (such as corporate and community foundations) operating at a national level (e.g., the foundations that resulted from the privatisation of the public and saving banks in Italy, and the German Federal Foundation in Germany) and at the international level, as in the case of Ashoka and other foundations that originated in the United States and operate particularly in CEE and SEE countries. Next to the more traditional modalities of support based on non-repayable grants for developing projects with a social aim, various foundations are adopting the new logic of venture philanthropy that provides support for initiatives and projects developed by social enterprises.

The support measures for the start-up of new social enterprises provided by well-established social enterprises (based on spin-off strategies), second-level associations or consortia of social enterprises or other social economy organisations, through funds especially set up for supporting new entrepreneurial projects, are also increasing. The promotion of social enterprises by conventional enterprises and banking groups is also emerging.

Finally, some country reports point to the diffusion and importance of crowdfunding platforms aimed at collecting donations or equity from private citizens and private enterprises for the start-up of new social enterprises. In some countries (e.g., Bulgaria) crowdfunding is considered one of the key opportunities for the development of social enterprises.

2.3.2. Resources from income-generating activities

To guarantee the continuity and growth of their activities, social enterprises, as all enterprises, must produce goods or services that generate enough income to cover the production costs and to generate some management surplus to support investments and growth. However, given their specificities and the nature of the goods and services they produce, social enterprises cannot rely only on a well-defined single market but must derive their income from several sources: market and non-market activities, public and private. The non-market resources derive from public grants or subsidies, donations and membership fees. Public grants and subsidies are the most common way to support traditional non-profit organisations and are still largely used to support WISEs in employing disadvantaged people, while membership fees are an important source of income for social enterprises providing sport and cultural services. The resources obtained through market exchanges can derive from contracts established—in more or less competitive forms—with public authorities mainly for the provision of welfare services or from sales to private users or—in the case of WISEs—business-to-business exchanges. Consequently, the large majority of social enterprises in all countries rely on a mix of financial resources derived from different income-generating activities. In addition, they rely on a mix of paid and unpaid (volunteer) human resources who help to contain production costs and to reduce the need for financial resources.

The different mix of resources used by social enterprises in each country is summarised in the following table.

Table 11. Resource mix from income-generating activities in EU Member States

Country	Types of resources
Austria	Mix of resources derived from public subsidies, public contracts, sales of goods and services, membership fees, donations and other private revenues. The composition of the resource mix depends on the type of organisation and the services provided. At one extreme, there are 185 larger cooperative social enterprises active in the field of housing, which rely on public subsidies for approx. 90% of their income; at the other extreme, there are some well-established enterprises in the NPO sector, for which market-generated income represents at least 50% of the total income (where the smaller organisations prove to be more market-oriented than the bigger ones).
Belgium	Well-structured mix of resources deriving from public subsidies, public contracts, sales of goods and services, membership fees, donations and other private revenues. The composition of the resource mix depends on the type of organisation and the services provided. Statistics are not available for SEs, only for associations.
Bulgaria	Resource mix where service-providing SEs are supported by both public funds and private clients. WISEs derive their resources mainly from private sources and are supported by public subsidies for each worker employed (30% of the labour costs).
Croatia	Resource mix characterised by a significant share of public funding consisting largely of grants for employing disadvantaged workers in WISEs. The Croatian Employment Service offers various support for employers to employ different vulnerable and underrepresented social groups. They offer small grants for starting a business and self-employment, subsidies for workers' salaries, grants for reimbursement of additional costs associated with the employment, and grants for education and training of workers with disabilities. Social entrepreneurs can use these measures. The law on public procurement allows the possibility of issuing reserved contracts for NPOs in the fields of health, social and cultural services.
Cyprus	Resource mix based mainly on public subsidies granted for supporting start-up and the employment of disadvantaged workers and on income from private sources for SEs active in the environment, animal protection and waste management (reuse, recycling, recovery and disposal).
Czech Republic	Resource mix derived from a combination of different activities and market opportunities. The overall income of SEs includes a broad spectrum of both public and private sources. However, it is difficult to assess the level of their grant dependency or their dependency on public sources more generally. WISEs generate a high proportion of income from their own economic activities. Moreover, SEs very often combine various forms of public support. WISEs make use of payments according to the Employment Act; about 50% also access funding from EU grants. Other sources of public money are very rare. Only 10% managed to attract other grants either from the state or from local municipalities; a few also obtained private donations and support from non-profit foundations.
Denmark	Different mix of resources depending on the type of SE. Municipality-based enterprises are driven by a resource mix based on public subsidies, private investment and market-based income. Market-based enterprises (including some WISEs) rely mainly on market-based income. The SEs in the NPO sector rely largely on volunteers and public subsidies.
Estonia	Resource mix from a combination of various revenue streams, including public payments obtained through public tenders and paid services addressed to private customers. The importance of private sources is increased since social sector tenders usually require winners to subsidise their budgets with grants, volunteering or "doing more with less". Income from private customers characterises SEs engaged in environmental protection, hobby, education, culture, sustainable production and consumption, tourism and cultural activities.

Country	Types of resources
Finland	Resource mix in which service-providing SEs are mainly financed by the Funding Centre for Social Welfare and Health Organisations (STEA), a state aid authority operating in connection with the Ministry of Social Affairs and Health. However, the economic activity of most SEs, especially WISEs, is a mix of different trading activities for private and public entities and public grants and subsidies.
France	Resource mix with public funding prevailing in cases of SEs providing social and educational services (mainly associations) and of SCICs and mainly private sources (together with employment subsidies) for WISEs.
Germany	Resource mix with significant differences in the sources of income among different legal forms and activity performed. Public grants, subsidies and donations still function as very important sources for the organisations for which data is available, although their share has generally fallen in recent years. Regulated service fees (paid by local authorities) are the major source of income for associations and public benefit companies.
Greece	A resource mix with a considerable proportion of private sources since Greek SEs are engaged in a broad spectrum of economic activities different from social services, mainly food trade and processing, education, trade and leisure services. The public financing of the provision of social and health services seems relevant only in the start-up phase.
Hungary	Resource mix guaranteed by state support (statutory or non-statutory) from the central budget or from local governments, private domestic or foreign support, core activity revenue (service or commission fees, price and sales revenue, membership fees both from the central state and municipalities), as well as other legal entities and private individuals, business activity revenue (entrepreneurial revenue, rent, sale of tangible property, interest revenue, financial investment revenue), in different proportions depending on the type of organisation and the sector of activity. However, the main sources of income for SEs with non-profit legal forms come from core activity revenue and business revenue; the rates of state support, private support and other revenue measures are significantly lower. Core activity revenues are most relevant in cases of foundations and associations and business income in the case of non-profit companies.
Ireland	Resource mix with a large prevalence of public grants and subsidies. Based on existing data (2009), almost two-thirds of all SEs (and community businesses) generated no income from traded activities. The remaining third had a total traded income of 243.5 million EUR. This suggests that grants—a direct statutory payment to support the activities of SEs—constitute a vital element of overall income for SEs in Ireland. Of the one-third of SEs that did generate income from traded activities, just 17% of income on average came from this source, indicating that grants remain a very important source of income, even for SEs that do operate on a more commercial basis.
Italy	Two different resource mixes: in social and educational services, 80% of the financial resources come from public authorities and the rest from private users; in WISEs, the percentage of public vs private sources is around 50/50.
Latvia	Resource mix but with a high proportion of public funding largely based on grants and mainly managed by local authorities aimed at promoting this relatively new sector; initial expansion to include activities directly involving private buyers.
Lithuania	Resource mix with a high proportion of public funding largely based on grants for employing disadvantaged workers in WISEs. SEs in the form of NPO are mainly financed on a yearly basis by state and municipalities to organise the provision of public services to specific groups in society. The largest portion of financing is distributed through project tenders within the framework of specific yearly programmes. The public procurement system in Lithuania creates favourable conditions for SEs. However, the main obstacle for SEs in the development of the social service market is the fact that state and municipal institutions tend to systematically purchase social services through grants or rely on state or municipal service providers.

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Country	Types of resources
Luxembourg	Resource mix with a significant component of public resources, operating in the fields of social and health services, where most SEs are in the form of associations without lucrative purpose (ASBLs).
Malta	Resource mix with an increasing use of public-private agreements for the delivery of general interest services.
Netherlands	Resource mix with one-quarter of all SEs selling products directly to consumers (e.g., sustainable fashion products, textiles, food, bicycles, books, gifts, etc.), while one-fifth are active in the services sector (IT, facility management). Reliance on subsidies, donations and grants tends to be very high for young SEs, with 41% at least partly relying on general subsidies, 31% on donations and 29% on dedicated labour market participation schemes.
Poland	Resource mix with a majority of resources (70%) generated from the sale of goods and services in the markets, 30% from grants and donations, 20% from public institutions and 10% from private donors. Of the 70% generated by market transactions, only 7% derive from public procurement processes, 30% from mission-related activities and 30% from activities not mission-related.
Portugal	Resource mix influenced by the type of organisation/field of activity: sheltered employment and social workshops rely mainly on market resources and subsidies, while SEs providing social services and healthcare, social assistance and care services of general interest, and education, particularly from pre-school to secondary education, rely on agreements signed with public authorities (cooperation protocol). SEs also work on local and community development and newer fields of activity, such as environmental protection and promotion, resources use and fair trade.
Romania	Resource mix with associations and foundations relying mainly on grants, followed by sponsorships and donations and, to a lesser degree, contracts with public authorities, membership; and WISEs and new SEs (including associations and foundations willing to become more independent from public subsidies) mainly relying on income-generating activities offered to private clients.
Slovakia	Resource mix influenced by the legal form of the organisation and field of activity; guaranteed job subsidies capping the cost of disadvantaged employees of WISEs; strong focus on combination of loans and grants; public procurement practices for the provision of general interest services are underdeveloped due to the small amount of dedicated public funds. However, in order to strengthen the income from the sale of goods and services, the tools of social procurement have been vigorously promoted.
Slovenia	Resource mix with differences among associations, private institutes and foundations. Private institutes lean most heavily towards market activities (57% of all revenues), whereas associations and foundations registered as SEs mainly depend on public sources in both forms of contracts and subsidies (especially for WISEs): the majority of public funding stems from contracts resulting from public tenders or concession agreements. Foundations—which represent a small share of the overall number of NPOs operating in social services and healthcare—derive the majority of revenues (94.7% in 2017) from sales of goods and services; only 1.3% of revenues come from public sources.
Spain	Mix of resources in all sectors of activity in which SEs are engaged, especially in health services and work integration.

Country	Types of resources
Sweden	Resource mix characterised by a core group of SEs related to work integration and especially vocational training for long-term unemployed. Most of these enterprises provide work training, rehabilitation services, etc. to municipalities and national agencies. They also commonly combine this field of activity with production and sales in other sectors such as cafés, catering, hotels, maintenance, carpentry, handicraft, arts, second-hand shops, gardening. However, in recent decades, transformation of the welfare provision that has increased the space for private initiative does not seem to have been adequately exploited by SEs. It is primarily the number of conventional enterprises that has increased even if non-profit organisations also provide these services.
United Kingdom	Resource mix with a growing number of SEs, particularly younger SEs providing health and social care, as well as education as key areas of activity and relying heavily on public funds. This trend may be explained by new social ventures responding to the opportunities created by public sector reforms and financial austerity measures. At the same time, many social microbusinesses employing one to nine people with women making up 51% of employees enjoy a diverse range of income sources, with 60% serving the general public, 54% using government contracts (with 20% having this as their main or only source), 52% generating income from private sector businesses, 50% with income from the third sector and 43% offering sales to other SEs.

While the mix of resources can vary from country to country, the different combinations can be classified into three major types according to the breakdown of revenues:

- > (i) Social enterprises exclusively or largely engaged in the delivery of social, health and educational services derive all or most of the necessary resources from public subsidies and increasingly from contracts. This is the case in the majority of the Member States (e.g., Belgium, France, Germany, Ireland, Italy, United Kingdom), although in some the private demand is already large (as in Greece, where social enterprises have limited access to public contributions and most services are bought directly by private customers), and others are also experiencing an increase in private revenues from these services.
- > (ii) Social enterprises that facilitate the integration to work of disadvantaged people are characterised by a turnover composed of a more balanced mix of private and public resources. This occurs especially when private resources originating from the sale of goods and services to individuals and—much more so—to commercial companies cover at least part of the costs linked to the work integration of disadvantaged people. The remaining part of the cost is covered with public subsidies, although public resources can also be allocated to WISEs through contracts with public agencies that are not related to social services (for instance, for cleaning public offices or for the maintenance of parks and public green areas). This type of resource mix characterises most of the CEE countries (but also Finland and Italy). Other resource mix models are those implemented by social enterprises providing services to both public authorities and private clients, or supplying both general interest and traditional goods or services.

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- > (iii) Social enterprises supplying services and goods to the general public that are usually not—or only to a limited extent—recognised by public welfare systems, such as recreational, sports, cultural and some educational services, recycling and organic agricultural products, community shops, etc., which predominantly rely on private resources financed by a combination of sales and membership fees. The importance of these services is greater in countries in which the social service provision is already guaranteed by public or traditional non-profit organisations (as in Germany) and is growing in most countries following the evolution of demand (as in the United Kingdom).

In other words, social enterprises are engaged simultaneously in a plurality of income-generating activities, combine market and non-market, public and private resources and often access multiple markets applying different rules and methods. Moreover, social enterprises do not operate only in already existing markets or in quasi-markets created by public procurement practices. Rather, they also create and develop new markets and expand already-existing markets. This is the case for some new social and health services as well as work integration practices. More recently, social enterprises have been increasingly playing a significant role in developing new markets, for example, in upcycling and recycling, the production of solar and other renewable energy and business-to-business services. Social enterprises can even influence the functioning of international markets as in the Netherlands, where companies that have most of the typical characteristics of social enterprises, such as Fairphone and Tony's Chocolonely, serve as role models in their aim to increase sensitivity to environmental issues within global value chains. Social enterprises frequently contribute to the attractiveness of and demand for locally based products in recycling, catering or foods. In some places, particularly in rural areas, their role in sustaining knowledge, interest and practice in local products and in preserving regional traditions is significant, and, of course, they are increasingly important players in fair trade and tourism.

Relationships with the public sector and public procurement

Given that the activity of European social enterprises—highly concentrated in social service provision and work integration—is heavily influenced by the relationships they establish with public authorities, it is important to gain a deeper understanding of the state and evolution of the relationships between public welfare policies and social enterprises. For this purpose, the ways in which the relationships for the provision of services (social, health, educational, etc.) and those for supporting the employment of disadvantaged people are established must be analysed separately.

In financing the provision of welfare services by private organisations, and in particular non-profit organisations and social enterprises, the public authorities of European countries use different schemes. This gives rise to a very diversified landscape. The more widespread modalities are:

- > to support private providers with subsidies or grants covering all or part of the production costs;
- > to assign vouchers to users that can be spent at accredited institutions, including social enterprises, or recognising a fixed payment to the service provider organisation directly chosen by the user;
- > to pay the service on behalf of the users from provider organisations, including social enterprises covering all or part of the costs through contracts that can be signed directly or after entering a tender (which could be open or restricted to some providers).

Currently, all of these modalities are applied even in the same country, for the same or different services and/or by different—national or local—public authorities. However, over the last two decades, most EU Member States have been progressively moving away from grants and contracts signed without competitive comparison between different organisations, both to reduce the costs of services and to align with the EU's public procurement rules. As a result, they are evolving towards more open, transparent and competitive public procurement procedures.

The impact of this evolution has been controversial. On the one hand, it opened the provision of services to new, more innovative and more efficient providers and contributed to stabilising the relationships between social enterprises and public agencies. For this reason, in many countries, regardless of the degree of development of their welfare regimes, public procurement is considered a key to widening market opportunities and the development of social enterprises. On the other hand, however, stakeholders consulted for this study expressed doubts about the modalities in which the public procurement rules are implemented. Indeed, the way public procurement regulations have been interpreted by certain national laws sometimes hampers the exploitation of this opportunity. For instance, when public tenders are open to conventional enterprises and/or based exclusively or mainly on cost minimisation criteria, they have often negatively impacted on the quality of services and working conditions. Moreover, stakeholders observed that competitive tenders can push social enterprises into adopting more standardised practices typical of either public welfare providers or conventional enterprises, making them abandon the propensity to innovate. Most important, competitive tenders push for the concentration of social enterprises to supply their services in favour of the group of users targeted by the public policies, at the same time weakening their attention and advocacy role in favour of detecting and addressing unmet needs, with detrimental effects for the most vulnerable beneficiaries. These shortcomings seem attenuated when the contractual procedures are decentralised and managed by regions or municipalities: in many countries decentralisation seems to guarantee better quality of services and enhance social innovation.

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Unlike social and general interest services, public support to WISEs is mainly provided through two specific instruments: (i) subsidies or reduction of taxes and social security contributions aimed at reducing the cost of labour for any disadvantaged worker employed; and (ii) non-competitive direct assignment of public works aimed at expanding the production activities of WISEs and the number of jobs. In several countries, both of these instruments have been established and regulated by national laws. However, drawing on the experience of sheltered workshops, the 2014 EU Directive on public procurement allowed reserved contracts only to work integration organisations at which disadvantaged workers accounted for at least 50% of the total employees. Nevertheless, according to some national regulations, organisations employing a lower percentage of disadvantaged workers (between 30% and 50%) are considered WISEs.

Against this background, the EU public procurement rules (2014/24/EU) that came into force in 2014 made a significant step forward. Indeed, they offer new opportunities to social enterprises and encourage the evaluation of bids, in particular those concerning social and health services, on the basis of the best price/quality ratio. Indeed, the new regulations establish the rule of “economically most advantageous offer” for contracting practices, which allows public authorities to assign more importance to the social value or output expected from the service provider than to the price offered by the tender participants. Furthermore, EU public procurement rules provide more opportunities for reserved contracts, reducing to 30% the percentage of disadvantaged people or people with disabilities needed to reserve contracts and encouraging the adoption of “social and ethical clauses”, regarding working conditions, equal opportunities, etc. The adoption and concrete application of these clauses are, however, decided at the country level.

All the Member States have transposed this important EU Directive and, in particular, the possibility to reserve contracts to enterprises employing at least 30% of disadvantaged workers. This possibility is increasingly used by countries (CEE) where the public expenditure for buying social and general-interest-service social enterprises is limited. Other types of social, ethical and environmental clauses that could help social enterprises are used less frequently (except in some countries, such as Belgium, France, Germany, the Netherlands, Spain, Sweden, and England and Scotland in the United Kingdom) because of the more complex approach they require.

However, in spite of this improvement in public procurement regulation, its practical, concrete application in many countries is only in its infancy and is considered largely unsatisfactory, especially from the point of view of social enterprises. The shortcomings identified in most national reports depend on several factors: first, the *ex-ante* evaluation of the quality of the services and of the social value remains extremely difficult and easily contestable; second, there is a lack of information, and there are few opportunities to share experiences, combined with a shortage of appropriate skills

and specific education of both public officers and social enterprise managers involved in contractual procedures, despite the efforts made by many governments (such as the two competency centres established by the federal government in Germany) and networks to improve them; and, last but not least, the size of contracts is often too large in value and complex, making it impossible for small social enterprises to participate (e.g., in Ireland and Slovakia). Moreover, the interpretation of the EU rules differs between countries and, within the same country, between authorities and courts. In open competitive tenders, the price often remains the decisive element in the choice of the contractor, with the same above-mentioned negative consequences, despite the efforts made through EU legislation to make the use of quality criteria easier. Moreover, procurement practices focussing on price reduce margins to a minimum and sometimes force social enterprises to co-finance the supply (as in the case of Estonia) with their own resources, reducing the possibility of investment, innovation and growth. These shortcomings are slowing the use of responsible public procurement practices, as signalled by several countries, and pushing towards the search for alternative service provision modalities that may or may not entail public procurement, such as:

- > Vouchers that users can spend with accredited organisations, largely utilised, for instance, in Germany for supporting the supply of social services, as well as in Belgium, France and until recently in Slovakia, to incentivise the employment of home care workers from households.
- > Reserved short terms contracts (three years as foreseen by the 2014 EU Directive) to enterprises/organisations with a non-profit distribution constraint for the provision of innovative services, as e.g., in Croatia, Latvia and Lithuania.
- > Joint development of services through collaborative and co-planning practices involving public authorities and service providers (e.g., Austria, Bulgaria, Italy, Malta).
- > Social-outcome contracting (especially in Finland and the United Kingdom), which often entails public procurement of services using a model in which the supplier's remuneration is solely or partly based on the outcomes reached by the service provision.

In conclusion, the 2014 reform of public procurement rules emerges as an important step in favouring new, more flexible and socially oriented public procurement practices. However, to date it has not fulfilled all of its potential: the forms of public funding to social enterprises remain diversified and in many EU countries the use of competitive procedures is far from being fully harnessed due to the reasons discussed above, creating insecurity among social enterprises and practitioners and limiting their growth.

Relationship with private actors: individual, collective, business-to-business

Social enterprises also address private demand for services, involving both individual users and conventional enterprises: country analyses confirm that income generated by private resources is generally growing.

The demand from individual users exists for both social and health services that are not fully covered by public welfare policies or that are less standardised, as well as alternative (such as some educational services) and personal services that, although affecting well-being, are not included in the public supply, such as cultural, sport and recreational services (including forms of social tourism, circular economy, new sustainable and ecological agribusiness activities, etc.). These latter services are activities in which social enterprises can develop significant new markets with great potential in terms of both economic growth and employment. For several of these services, a great part of the contributions of users take the form of membership fees. When the service is addressed to disadvantaged groups of people, private donations can also contribute to covering the costs. However, it seems that, at least for the moment, it is mainly social enterprises that have been active for many years and have grown to a considerable size that succeed in achieving a significant share of income from private market sales.

The demand from conventional enterprises takes mainly two forms: (i) the more traditional and widespread demand for products offered by WISEs on a contractual basis and (ii) the emerging demand for corporate welfare services delivered to the employees of mainstream enterprises to support their professional and private lives. An interesting way to increase the collaboration between WISEs and conventional enterprises has been experienced, for example, in Croatia, Italy and Slovakia, where firms having more than 15 or 20 employees must employ a certain number of employees with disabilities. If they do not, they have to pay a fine or prove that they are buying products or services from WISEs, creating new private markets for social enterprises.

2.3.3. Repayable resources

The availability and use of repayable financial resources for social enterprises is very heterogeneous both on the demand and supply sides. In countries in which the social enterprise phenomenon is in its early stages of development, such as Central and Eastern Europe, both demand for and supply of repayable resources are only beginning to emerge. Conversely, in countries with a more consolidated social enterprise sector there is a significant and growing demand for repayable financial resources that seems to be adequately met by public and private suppliers, including specialised financial institutions and traditional financial intermediaries (as in the cases of Italian social cooperatives and British social enterprises). In these countries there is an overall equilibrium between demand for and supply of repayable resources for social enterprises, and at least the ones that are more established and with enough assets can invest and

grow. Finally, there are countries in which the demand for repayable finance is growing but there is no evidence of its real amount and of whether it is satisfied. Both from the country reports and the interviews with the stakeholders it is not always possible to verify whether the claims of a generalised lack of financial resources refers to starting up, income generation or repayable resources.

Despite this heterogeneity, the mapping study enables to make some considerations.

The **demand** for repayable resources seems to be, at least at the moment, not very high, for several reasons. The most important is that social enterprises—with the exception of some WISEs—have until recently been mainly engaged in labour-intensive activities and did not need to undertake large investments. Consequently, the belief that the growth of social enterprises is prevented by a limited supply of repayable financial resources is not fully supported by the empirical evidence from the country reports and academic research. This is confirmed by the scarce use of dedicated public funds and the limited recourse to the opportunities offered by several financial institutions, such as Big Society Capital in the United Kingdom, where the size of the social enterprise sector is one of the largest in Europe and the central government has notably used finance as a mechanism to support social enterprises. At the same time, according to a survey focussed on a sample of British social enterprises, only 15% of them indicated that they have sought external financial resources over the three years preceding the research. A similar situation is found in Italy, where the banking system seems to have satisfied the significant demand for repayable finance from social cooperatives, and in Luxembourg. The still-limited demand also explains the scant interest amongst social enterprises in innovative social finance instruments, such as impact investing, social impact bonds, social venture capital (to which considerable relevance has been assigned by the G7 Social Impact Investment Taskforce) and participative or alternative finance outside the traditional financial system, such as crowdfunding (still far from being fully developed).

The **supply** of repayable financial resources for social enterprises varies widely from country to country.¹⁴ Depending on the degree of development of the financial sector, social enterprises can, at least in theory, count on:

- > Public (or quasi-public, as in the case of cooperative mutual funds made compulsory by law) financial institutions or special funds specifically dedicated to financing investments in public and private organisations managing activities of public interest, including social economy organisations, non-profit entities and social enterprises, as in Austria, France, Germany and Italy.
- > Traditional financial intermediaries that in several countries are already financing social enterprises and are increasingly interested in responding to their credit

(14) A detailed presentation of the main measures is available in appendix 5.

needs, especially where the sector is well developed and clearly regulated. In France, Germany and Italy, for example, retail banks are frequently providing loans to social enterprises, which appear to be less affected by the economic downturn than enterprises operating in private markets and generally show a low level of risk given their small size.

- > Socially oriented banks, such as cooperative banks (which can be found, for example, in Belgium, France, Italy and Spain) and ethical banks (e.g., Banca Etica in Italy and Spain, La Nef in France and Triodos Bank in Belgium, France, Germany, the Netherlands, Spain and United Kingdom), which are in principle particularly willing to fund local initiatives such as the ones promoted by social enterprises. Various traditional banks have also created or are willing to establish specialised institutions or particular divisions that are conceived to address specifically the financial needs of non-profit organisations. This is the case for UniCredit and UBI Banca in Italy, BNP Paribas in France and Bank Gospodarstwa Krajowego (BGK) in Poland, which provide financial support within the framework of EU funds.
- > Financial support or financial institutions established by national or local networks of social enterprises, such as Social Finance Foundation, Clann Credo and Community Finance Ireland in Ireland; Initiative France, France Active and Finansol in France; CGM Finance (established by the consortium of social cooperatives CGM), and the cooperative mutual funds Fondosviluppo and Coopfond in Italy.
- > Emerging private social venture capital funds, established by existing or new foundations, ethical banks or their foundations but also by individual entrepreneurs and families. Examples can be found in Germany (BonVenture, Ananda Impact Ventures), Belgium (SI2 Fund), Italy (OltreVenture, SEFEA IMPACT) and France (Phitrust, Groupe SOS Pulse). However, the targets of most of these funds are not only social enterprises but a larger spectrum of organisations, so-called “impact-driven enterprises”. Grant-making foundations (national and international) are moving towards strategies of venture philanthropy and are showing a growing interest in supporting social enterprises’ investments through low-interest or interest-free loans to be repaid under certain conditions. Some of the above-mentioned institutions and other actors are starting to use crowdfunding platforms to collect equities and sell bonds. There is a widespread feeling that this way of using crowdfunding platforms could become one of the most important tools for the development of social enterprises in Europe.

The availability of these suppliers of financial resources differs from country to country, but that alone does not explain the belief that the lack of financial resources is the main obstacle to the development of social enterprises. There are other factors that prevent social enterprises from accessing all of the financial resources they need. The most important of these factors is that the demand in many countries struggles to

emerge. In several countries (such as Lithuania and other CEE countries), the major barriers to obtaining the necessary external resources are not directly linked to the lack of supply but rather to a general lack of understanding of social enterprise models, a deficit of social enterprise assessment instruments, and the absence of collaboration and agreements between regulatory institutions from the financial, economic and social sectors. Difficulties in accessing finance also result from insufficient knowledge of the existing supply of finance, a lack of investment skills and a poor ability amongst social enterprises to develop adequate business project proposals. In several countries, social enterprises (especially newer and smaller ones) have not yet developed the skills necessary to attract and manage repayable financial resources: they have vulnerable business models and inadequate management/governance structures and knowledge. In these cases, initiatives similar to the German “Financing Agency for Social Entrepreneurship” (FASE)¹⁵ are of particular interest as they provide services to social enterprises, helping them to plan, combine and achieve suitable financing, including donations, public funds, loans and venture philanthropy.

Another factor explaining the difficulties that social enterprises encounter is the almost complete lack of guarantee funds, which could greatly facilitate access to credit for small organisations that cannot offer adequate guarantees or collateral on their own. This is true, for instance, in Ireland, where it is reported that many community organisations cannot secure finance from retail banks, primarily because banks require personal guarantees. Since many community organisations are staffed by volunteers, this requirement is too much of a commitment for many individuals.

Also generally lacking is an institutional framework devoted to supporting equity investments. This is partially due to the difficulties in designing these institutions and the proper regulation but also to the reluctance of some types of social enterprises to raise equity capital for fear of losing their social and non-profit status and reputation.

Finally, the available resources are often dispersed throughout a large number of financial institutions that are often too small and have limited lending capacity.

In sum, a comparative analysis of the national reports reveals a strong correlation between the level of recognition, institutionalisation, diffusion and visibility of social enterprises and ease of access to finance, as evidenced in particular by Germany, Ireland, Italy and the United Kingdom. The German case is particularly interesting in this respect, as not-for-profit, medium-sized and large welfare organisations (but also energy and social cooperatives) that generally have well-established and sustainable business models have easy access to excellent financing opportunities within the federations and banks specialised in financing the non-profit sector, including social

(15) <http://www.fa-se.eu>

enterprises, while most of these same banks have difficulties financing newer types of social enterprises with more profit-oriented business models.

At the same time, the country reports also seem to foresee that this situation might change before long, especially if social enterprises begin engaging in more capital-intensive activities, such as urban renewal, waste management, management of facilities for cultural activities, cultural heritage management, social housing, etc. This will require designing a more adequate and accessible supply as well as training social entrepreneurs to become more financially ready. To this end, especially noteworthy are those specific programmes—including the provision of innovative fiscal incentives under experimental use in Italy and the United Kingdom—that favour capitalisation from the bottom up (users, workers, members and the community at large), such as small subsidies, matching funds and guarantee funds (already available in several countries and provided by the EU) that safeguard the lender in the case of social enterprise loan default, hence incentivising lenders to extend loans to social enterprises that they might otherwise consider too risky.

At the EU level, the EU Employment and Social Innovation (EaSI) programme includes a dedicated axis for microfinance and social enterprise finance. This includes mainly repayable financial instruments (loans and equity) but also grants and technical assistance to support the capacity of the finance providers as well as the investment readiness of social enterprises. The data from the first three years of the implementation of a guarantee instrument, boosting the supply of loans to social enterprises, indicates that there is a significant demand for this type of finance, although the outreach is still partial.

Box 1. EaSI guarantee. An EU financial instrument facilitating social enterprises' access to loans

EU Employment and Social Innovation programme includes a dedicated axis for microfinance and social enterprise finance.

The most widespread financial instrument of this axis is the **EaSI guarantee**. It facilitates social enterprises' and micro-entrepreneurs' access to loans. The guarantee is a risk-sharing mechanism that enables the selected financial intermediaries to provide loans to social or micro-enterprises with more favourable conditions than without the guarantee (e.g., lower interest rate, lower collateral requirements, etc.). The European Commission has delegated the implementation of the instrument to the European Investment Fund (EIF).

Originally, 96 million EUR were earmarked for this instrument, from which at least 40 million is dedicated to social enterprise finance. Because of strong demand, the budget was later increased to about 400 million.

On the **microfinance** side, the instrument built on the previous Progress Microfinance, and the take-off has been very strong with 77 agreements signed and 131.8 million EUR of guarantee committed by end of March 2019.

In terms of **social enterprise finance**, the demand has already exceeded the original budget. By the end of March 2019, 26 agreements had been signed with financial intermediaries backed by 50.6 million EUR of guarantee and covering 15 countries, and the demand remains strong, including six additional applications in the pipeline as of August 2019. This represents a strong start for a new instrument that was effectively launched at the end of 2015. Thanks to the guarantee, these 26 intermediaries have already provided **loans to 1,476 social enterprises totalling 208 million EUR**. According to the signed agreements, they are expected to serve 2,150 more social enterprises by the end of 2024 and the number is expected to increase further taking into consideration the applications from other potential intermediaries in the pipeline.

The EaSI guarantee is a high-leverage, mobilising private investment in this field: based on the current data, for each 1 EUR of guarantee, the intermediaries lend on average 10 EUR to final recipients. Consequently, the already committed 50.6 million EUR guarantee is expected to trigger lending of more than 500 million EUR to social enterprises.

Regularly updated information about the implementation of the EaSI guarantee is available at the following website: https://www.eif.org/what_we_do/microfinance/easi/easi-guarantee-instrument/index.htm

The increasing understanding of both the difficulties faced by social enterprises and the potential associated with their engagement in new activities favours the emergence of new financial institutions and instruments aimed at filling the gap between demand and supply. Moreover, the launching of the SBI has contributed to opening a debate on how to develop a better financial system to support social enterprise growth that regards social finance as a strategic issue. In some countries, innovative social finance instruments such as social impact bonds are beginning to be available to social enterprises. However, they seem to meet the interest of public institutions looking for new ways to finance the provision of welfare services more than the interest of social enterprises and are—for the moment—utilised very sparingly. At the same time, alternative finance—such as crowdfunding platforms collecting equity from individuals—is gaining ground outside the traditional financial system in an increasing number of countries.

2.3.4. Tax breaks and fiscal benefits

In general, fiscal benefits and fiscal advantages awarded to enterprises and organisations are primarily intended to support their consolidation. In the case of non-profit organisations and social enterprises, fiscal advantages are also aimed at reducing the cost of production (and consequently the prices) of the services provided and at favouring their capitalisation.

Fiscal measures that may benefit social enterprises are found in all of the analysed countries, although they vary from state to state. Given their nature, social enterprises in most countries enjoy all those fiscal benefits (or at least many of them) already in place for non-profit organisations, social economy organisations (especially for cooperatives) and mainstream business. Some fiscal benefits depend on the legal forms adopted by social enterprises instead of their activity, as in Italy and in Ireland, in cases in which cooperatives (in Italy) and organisations with charitable status (in Ireland) are exempt from taxation on non-distributed profits. In other countries, social enterprises may enjoy fiscal benefits that are granted on the basis of their activities rather than on the basis of their specific organisational nature.

However, as shown in table 12 below, several countries have already adopted fiscal benefits specifically for social enterprises.

Table 12. Countries with specific fiscal benefits for social enterprises

With specific fiscal benefits	Without specific fiscal benefits
Austria, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Poland, Portugal, Romania, Slovakia, Spain	Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Finland, Malta, Netherlands, Slovenia, Sweden, United Kingdom

In most countries, the fiscal framework within which social enterprises operate is rather complex and fragmented. Few countries have developed a clear policy providing specific and consistent fiscal incentives for social enterprises (i.e., fiscal benefits designed to address the specific needs of social enterprises and to help them grow). In countries with a strong presence of welfare organisations, such as Germany, fiscal benefits act as a more effective support measure for social enterprises and are better coordinated. Conversely, countries with a less developed non-profit sector and countries that do not favour specific types of organisations tend to envisage fewer fiscal support measures, which are generally open to all enterprises.

Table 13 below illustrates the diffusion of the main tax benefits for social enterprises by country. More detailed information is outlined in appendix 6.

Table 13. Main fiscal benefits granted to social enterprises

Type of fiscal benefits	Yes, without limitations	Yes, with limitations	Not available
Corporate tax exemption on retained profits	AT, DE, EL, FR, HU, IE, IT, LU, LV, MT, PL	BE, BG, CZ, ES, HR, LT, NL, PL, RO, SE, SI, SK, UK	CY, DK, EE, FI
VAT exemption or reduced rate	AT, BE, DE, FR, HU, IT, PL, PT	LU, SK	BG, CY, CZ, DK, EE, EL, ES, FI, HR, IE, LT, LV, MT, NL, RO, SE, SI, UK
Social insurance costs reduced or covered by subsidies	AT, BE, HR, SE	BG, EL, ES, FI, FR, IE, IT, LV, PL, PT, SI, SK	CY, CZ, DE, DK, EE, HU, LT, LU, MT, NL, RO, UK
Tax reductions granted to private and/or institutional donors	–	AT, BE, BG, CZ, DE, EE, ES, FR, HR, HU, IE, IT, LT, LU, LV, NL, PL, PT, SI, UK	CY, DK, EL, FI, MT, RO, SE, SK

The most widespread fiscal benefit is a corporate tax exemption on the retained profits, which can be compulsory or voluntary. This depends on the non-profit nature of social enterprises. However, the exemption in some countries is full and applies to all retained profits, while in others it is subject to various limitations. In Belgium, for instance, WISEs' profits put into an asset lock scheme are subject to partial tax reductions, while in Italy, with the new Third Sector Reform Law, social enterprises enjoy a full reduction while social cooperatives have to pay the corporate tax on 3% of compulsory retained profits.

The second most widespread benefit (granted by 16 countries) consists in reduced or completely waived social insurance costs for the disadvantaged people employed by some types of WISEs at which the employment of disadvantaged workers is at least 30% of the workforce. Even when these benefits are granted to all enterprises if they

employ disadvantaged people, social enterprises remain the main beneficiary of this advantage. It is useful to mention that the reduction of social insurance costs is not the only benefit provided to WISEs: they are also supported in almost all EU Member States by other types of direct public subsidies.

A less widespread (found in only eight countries) but interesting benefit consists in the exemption from or reduced VAT rate not only on the basis of the services provided but also on the basis of legal status: Italian social cooperatives of A-type have a VAT rate of 5% and, in Belgium, under certain conditions, WISEs benefit from a reduced VAT rate.

A fourth important type of tax benefit is the tax reductions granted to private (both individuals and companies) and/or institutional donors of social enterprises. One-third of the countries apply this benefit, though to a different extent and with different rules. For example, in the United Kingdom, instead of allowing the taxpayer to deduct the donation from his or her income, HM Treasury directly pays to companies limited by guarantee registered as charities 25 pence for every 1 GBP donated by British taxpayers.

Among the remaining less common fiscal benefits there are some that are particularly interesting and innovative, such as the concession of public real estate to social enterprises free of charge or at below-market prices and new fiscal advantages for citizens and companies that buy shares issued by (new) social enterprises (also through crowdfunding platforms) or bonds issued by banks or social enterprises themselves to finance the development of social projects, an interesting way to create a bottom-up supply of financial resources.

However, the fact that social enterprises adopt different legal forms and that fiscal benefits are often linked to specific legal forms creates an uneven landscape. For example, in most countries limited liability companies that perform social enterprise activities do not always benefit from the fiscal advantages that are awarded to non-profit organisations. In some countries, social enterprise legislation defining new legal status/qualifications has failed to introduce an advantageous fiscal treatment for all the entitled entities. These circumstances contribute, for instance, to explaining the scarce number of associations, foundations and limited liability companies that have chosen to register as social enterprises in Belgium¹⁶ and Italy.

Overall, it is possible to conclude that although social enterprises benefit from several advantages, the way in which the fiscal environment is organised is far from satisfactory. Few measures are addressed only to social enterprises and are specifically designed in coherence with the entrepreneurial nature of social enterprises. Consequently, they do not facilitate the development of innovative social enterprises as much as they could and, in some instances, push them to choose legal forms that are not consistent with their aims to enjoy the fiscal benefits that are granted to those legal forms.

(16) Please note that the Law on Social Purpose Companies was repealed in 2019.

2.4. Research, education and skills development

The increase in research and training across countries is confirmed throughout the various national reports. Moreover, a wide range of programmes and tools has emerged to complement the training of practitioners and other stakeholders (including funders and policymakers). Research is identified as a key factor for the institutionalisation (recognition) of social enterprises, particularly in CEE countries. In all, the situation is very promising despite the lack of connection among many of these programmes and actors, which hampers the undertaking of common actions such as nation-wide educational strategies or a mainstreaming of the social entrepreneurship dimension in entrepreneurship education in general.

2.4.1. Research to advance science and policy-making

Research on social enterprise emerged in Europe in the 1990s when the first experiences were emerging across the 15 EU Member States.¹⁷ Since then, social enterprise has continued to consolidate as a scientific research field, although it remains fragmented, mainly descriptive and classificatory. The appearance of social innovation as a distinct field of academic inquiry in the 2000s encouraged the development of numerous projects that complemented the research on social enterprise by casting new light on the transformational power of such institutional settings. Likewise, social entrepreneurship provided an additional perspective from which the social enterprise phenomenon could be studied and enriched.

Despite its limitations, research has contributed to enhancing the visibility of social enterprises and related phenomena as well as to raising the awareness of citizens and policymakers about the relevance of such themes for society. In some countries, the focus at the national level seems to be on the statistical account of social enterprises and their weight in the economy, whether through census (Italy) or satellite accounts (e.g., Belgium, Luxembourg, Portugal and Spain) or other types of statistical accounting (GEM in the Netherlands and State of Social Enterprise Survey in the United Kingdom), national statistical offices, or the work of umbrella organisations and researchers (very often disconnected) to produce figures that reflect the relevance of these organisations from a quantitative perspective. Other countries, such as Poland and Slovakia, are witnessing a growing interest from ministries and statistical offices in implementing such tools. In the case of countries that joined the EU after the turn of the millennium, research and training focussed in the beginning on transferring the experience from other EU countries, overlooking endogenous contexts. This has since radically changed.

(17) See: Borzaga, C. and Defourny, J. (2001). *The Emergence of Social Enterprise*. London and New York: Routledge.

Research has also been undertaken by national governments and other public organisations, opening the door to debates around the topic and raising awareness about the situation of social enterprises in specific countries. For instance, in Romania, the Prometheus project (2010-2013)¹⁸ funded through the ESF raised the visibility of social enterprises through a combination of scientific research and university-level courses on social enterprises and social economy in the country.

However, beyond statistical accounting, there seems to be a fragmentation in terms of research around social enterprises within countries as well as from an academic standpoint. Despite the creation of ministerial and regional units devoted to the promotion and support of social enterprises, no consolidated agenda for research exists within most countries. Moreover, many research projects at both national and international level rely on a conception of social enterprise that differs from the SBI definition or focus specifically on social entrepreneurship.

Research centres are being established across Europe focussing on social enterprise, social economy, social entrepreneurship and, in many cases, social innovation. An interesting trend is emerging around the creation of smaller, locally based research centres (e.g., in Austria) which are well placed to contribute data and analyses based on territories and usually focus on specific themes and topics. In addition, think tanks (or the newer version of think-and-do tanks) are also appearing throughout Europe, very often involving not only researchers but also a myriad of consultants and social enterprise stakeholders.

Nationally and regionally based networks of researchers constitute an additional strategy for empowering researchers at the beginning of their careers and consolidating connections among established scholars. FinSERN in Finland, the IRIS Network in Italy and CIRIEC-Spain (with its PhD branch, REJIES) are examples of these networks. Another innovative initiative that goes beyond EU countries to connect social enterprise researchers is the COST Action, “Empowering the next generation of social enterprise researchers” (EMPOWER-SE).¹⁹ Through a combination of research and networking activities that include meetings, seminars, scientific stays and conference grants, peripheral country researchers—with a focus on early career and female researchers—are accessing a research community and nurturing connections to create new research opportunities and strengthen their national contexts.

Beyond nationally bound research projects, international projects directly related to social enterprises are mentioned in numerous countries. Particularly, nine projects (included in box 2) appear recurrently across country reports.

(18) Promoting social economy in Romania through research, education and training at European standards.

(19) <http://www.empowerse.eu/>

Box 2. Major international research projects focussing on social enterprise

EU-funded projects

- > **CrESSI** – Creating Economic Space for Social Innovation
Duration: February 2014-February 2018
Website: <https://www.sbs.ox.ac.uk/research/centres-and-initiatives/skoll-centre-social-entrepreneurship/creating-economic-space>
- > **EFESEIIS** – Enabling the Flourishing and Evolution of Social Entrepreneurship for Innovative and Inclusive Societies
Duration: December 2013-November 2016
Website: <https://cordis.europa.eu/project/rcn/111161/factsheet/en>
- > **FAB-MOVE** – For a better tomorrow: social enterprises on the move!
Duration: January 2016-December 2018
Website: <https://www.uni-muenster.de/IfPol/FAB-MOVE/>
- > **SEFORIS** – Social Enterprise as a Force for more Inclusive and Innovative Societies
Duration: January 2014-April 2017
Website: <http://www.seforis.eu/>
- > **SIMPACT** – Boosting the Impact of Social Innovation in Europe through Economic Underpinnings
Duration: January 2014-December 2016
Website: <https://cordis.europa.eu/project/rcn/111403/factsheet/en>
- > **SOLIDUS** – Solidarity in European Societies: Empowerment, Social Justice and Citizenship
Duration: June 2015-May 2018
Website: <http://solidush2020.eu>
- > **TSI** – Third Sector Impact
Duration: January 2014-January 2017
Website: www.thirdsectorimpact.eu

EU-led projects

- > **IESI** – ICT-Enabled Social Innovation
Duration: January 2014-November 2017
Website: <https://ec.europa.eu/jrc/en/iesi>

Other projects

> **ICSEM** – International Comparative Social Enterprise Models Project

Duration: 2013-2019

Website: <https://www.iap-socent.be/icsem-project>

Against the backdrop of a body and community of research that are very dispersed, the mapping study constitutes a true attempt to draw from the various statistics sources, though the exercise is a challenging one. Moreover, it entails an empowerment process for stakeholders insofar as they are able to take the lead in the process of social enterprise development in their countries. In return, such favourable contexts are likely to result in increased support for research on social enterprise.

It is worth noting that, in many instances, the effort carried out in the academic context goes beyond scientific circles by promoting the exchange and networking of practitioners, policymakers and other key actors within the ecosystem. Such a facilitator role stands out clearly from the reading of the national reports, though it is often overlooked when describing the contributions of academia to the development of social enterprises in Europe.

Moreover, as observed above, researchers working on social enterprise and related areas also perform a monitoring task on sectors that are organically developing in their countries. With regard to sharing the results of academic research with society, a number of initiatives have been established, often with support from a variety of concerned bodies (including public administrations). Existing tools and approaches are often poorly suited to capturing developments at play within the area of social enterprise and related phenomena, so innovative approaches, including interdisciplinarity and new epistemologies, are required to capture these evolutions.

Some international projects and initiatives, such as SEFORIS or EMPOWER-SE, allow researchers and stakeholders active in non-academic research in a country to interact (e.g., Belgium, the Netherlands, United Kingdom). The outcomes of these interactions usually feed back into both the scientific community in the form of academic publications and into the praxis and policy spheres in the form of manuals, guides and any other types of concrete output.

The activation of studentship bodies around social enterprise, the social and solidarity economy and social innovation goes beyond the academic boundaries. Indeed, numerous student initiatives now exist in European universities to support the creation of social enterprises. For instance, the Incubator launched in 2010 by the students of the University of Ljubljana or Enactus Netherlands, which is an independent NPO of

Dutch students seeking to promote the creation of social enterprises led by students and support their start-up phase with a combination of services and resources.

Plans for launching policies, such as national strategies or national plans, often provide unique opportunities for launching research projects, frequently including consultation processes that produce interesting research. Two examples are the long-term Strategy for the Development of Social Economy in Slovenia 2019-2029 or the National Social Enterprise Policy for Ireland 2019-2022.

2.4.2. Consolidation of social enterprise education and training

The incorporation of social enterprise and bordering phenomena in formal education was initiated several decades ago, though it was not until recently that it began to spread among most EU Member States. Indeed, in the EU, both countries where social enterprises have a longstanding tradition and countries where social enterprises constitute a relatively recent trend, curricula on social enterprise and related fields now exist in high-level educational institutions (HEI). They range from courses and modules to full programmes and are available via online learning or through distance and blended learning platforms and range from regular bachelor's degree subjects to graduate and postgraduate levels that include lifelong learning. The Open University in the United Kingdom and UNED in Spain are good examples of online universities with devoted curricula on social enterprise. Belgium, France, Italy and the United Kingdom are among the countries with longstanding traditions of social enterprise education and training in higher education institutions (HEIs), but other countries, such as Croatia, the Czech Republic and Slovenia, have also developed university curricula on social enterprise in recent years that reach graduate and postgraduate levels.

Moreover, the establishment of curricula devoted to the study of social enterprises in countries where such phenomenon are less well known, such as Malta, confirms a support trend that stems from universities and research centres. The situation is also promising in neighbouring countries, such as Albania or Turkey, which, despite being at an awareness-creation stage regarding social enterprises, have a number of universities and other institutions providing social enterprise education. However, this is not the case in North Macedonia, where no curricula exist in HEIs.

As with research, many training and educational programmes are designed to manage social entrepreneurship activities rather than social enterprises specifically, as conceived by the SBI definition. Some types of HEIs mentioned in the national reports (e.g., applied science universities in Germany or the Netherlands) have a very practical approach to training, which constitutes an opportunity for attracting people interested in social enterprise practice. Lifelong learning around social enterprise represents a promising avenue to allow people in all stages of their careers to consider learning about and putting into practice social enterprise knowledge.

An interesting trend is the sustained increase in the number of master's and PhD theses and dissertations conducted on the topic of social enterprise and related phenomena, as mentioned in many of the country reports. Many are of a comparative nature, which enriches the analyses that can stem from such work. They enable potential researchers to stay in academia, so access to a PhD network is critical to provide a sense of community and encourage students to pursue academic careers. The integration of researchers and trainers in existing networks and communities (like the EMPOWER-SE COST Action) and the consolidation of EU funding schemes, such as Erasmus and Erasmus+, have been fundamental for such development.

It is worth mentioning the arrival of social enterprise programmes in primary and secondary schools in countries such as Belgium, Germany, Spain and United Kingdom. In Spain, secondary public school students in Andalusia and other regions can develop their own cooperative throughout the year, learning about the values and principles of the social economy and about collective entrepreneurship. Two relevant strategies for spreading such innovations would be via networks and federations as well as regional governments as they can mainstream them into other schools in the public system.²⁰

2.4.3. Skills development

Providers of education and training on social enterprise also exist beyond formal education institutions. Indeed, a large array of programmes exist with the support of private funders or public administrations as part of social enterprise development policies. In Slovenia, for instance, regional development agencies play this role. This also happens in Slovakia, where a separate regional structure supporting social enterprises is being developed. In France, several programmes in HEIs (e.g., HEC) have been introduced in the last 10 years. In addition to some theoretical foundations, these programmes emphasise the skills and networking development of social entrepreneurs and managers, such as business and organisational development, communication and leadership skills, etc. Numerous training initiatives are often coupled with awards and prizes that include instruction in these kinds of skills and networking development. In many cases, these awards also include part of the initial funding, or access to potential funders, after a business plan has been developed as part of the training. Issues such as financial viability, social impact and innovativeness tend to be goals for the participants aiming to achieve such recognition.

Networks, support organisations and second-level organisations (e.g., consortia and federations) also fulfil a monitoring role in the sector. Some specific second-level organisations representing specific legal forms across EU Member States (e.g.,

(20) The European project NEMESIS (<http://www.nemesis-edu.eu>) has identified entrepreneurial initiatives for civic engagement in schools across Europe.

cooperatives) have been paramount to the creation of *ad hoc* capacity-building and training programmes to boost the development of the sector. They contribute to the legitimacy of such training programmes and very often conduct them in a collaborative manner with other actors from the ecosystem. Such programmes can be found, for instance, in France (various programmes with incubators and territorial networks), Italy (various executive programmes focussed on social enterprise) and Spain (School of Social Economy). International organisations, such as Ashoka and NESsT, and national organisations, such as the Civil Society Development Foundation (CSDF) in Romania, produce numerous reports and training on social enterprises. EU-funded projects are also a source of training and skills development, particularly in the countries that have accessed the EU in the twenty-first century, but this non-formal training is described, in some cases, as irregular and lacking systematisation.

Initiatives for helping social entrepreneurs to develop their business ideas, properly design and start up their enterprises have been growing in the last decade in the large majority of EU Member States. They take different forms—hubs with spaces dedicated to the new entrepreneurs, incubators and accelerators providing mainly consultancy and sometimes direct or indirect financial resources—and focus on different targets, with some open to any entrepreneurial idea and some specialised in serving only social enterprises. They are generally established and managed privately, by consortia or second-level organisations and sometimes also take the form of autonomous social enterprises. They are often supported by public grants, increasingly obtained thanks to participation in tenders or projects, or by foundations or other private institutions. The better established ones can partially count on the sale of their services.

Incubators, foundations and banks often provide support to new social enterprises through competitions of ideas that envisage prize money intended to equip awarded ideas with assets for starting up. This is especially the case in France.



3

SOCIAL ENTERPRISE: SIZE AND LEGAL TYPES

3.1. Measuring the size of social enterprises

Measuring the size of social enterprises is a difficult task, as multiple factors make it almost impossible to provide a unified, uniform and exhaustive picture of the dimensions of the social enterprise at European level.

3.1.1. Feasibility of estimates and degree of data reliability

First, it should be considered that the availability of data sources and the quality and updating of the information contained therein greatly vary across countries. The comparative analysis of the country reports corroborates that data reliability is higher when at least some social enterprise forms have been recognised and a significant amount of research on social enterprise has been carried out. Indeed, the diverse degree of recognition enjoyed by social enterprises in the countries studied entails a different sensitivity of data providers, which affects the availability of official statistics and other data. It is no coincidence that in countries where the social enterprise has been legally recognised, data sources provide up-to-date information on the number and characteristics of *ex lege* social enterprises and that in countries where there is a legal and/or political recognition but also a high degree of self-recognition of social enterprises, statistics producers provide sufficiently detailed data and statistics in order to filter out *de facto* social enterprises from a broader set of legal types.

Second, the approach followed by national researchers in quantifying the size of the social enterprise in national contexts influenced the estimates. While all researchers worked on the basis of the same guiding principles, a certain degree of freedom was given to individual researchers in dealing with available national data sources. Some researchers have followed a rather conservative approach; others have adopted a more inclusive approach in identifying *de facto* social enterprises. It follows that in the former, the real dimensions of social enterprises can be underestimated, while in the latter, they may be overestimated. This notably occurs in countries where the only available data is on the social economy (e.g., Belgium and France).

3.1.2. Estimated number of social enterprises

The figures included in table 14 are taken from national reports, in which the rationale for collecting data is explained in detail. However, in spite of the calculation efforts that have been undertaken, it is impossible to provide precise statistics for each country. Therefore, it is not possible to guarantee sufficient cross-national coherence for the overall table at this stage. Consequently, it is also impossible to present European-level aggregated figures.

In countries with highly reliable data, estimates frequently cover not only the number of social enterprises, but also employment and the economic value generated by these organisations. Conversely, in countries with less reliable data, estimating the employment and economic dimension of social enterprises is more challenging. As this implies, while it is possible to provide an overall estimate of the number of social enterprises for all countries, estimates of the number of people employed and the economic value generated by these organisations are not feasible for all the countries mapped.

As illustrated in table 14, the total number of estimated social enterprises ranges from tens of thousands in France, Germany, Italy and the United Kingdom to a few hundred in, for instance, Albania, Croatia, Denmark, Estonia and Latvia.

In spite of the above-mentioned difficulties in estimating overall size, the social enterprise has grown into a widespread phenomenon over the last few decades. Data collected through the mapping study confirm that the social enterprise is also definitely a relevant phenomenon in the light of the services delivered and types of workers employed.

As highlighted by the following paragraphs, available data allows for the drawing of some preliminary considerations on the characteristics shared by social enterprises across the studied countries in terms of employment and turnover.

3.1.3. Estimated data on employment

Data on employment confirm that social enterprises are generally micro- and small organisations with high proportions of female workers. Exceptions include France, Italy, Spain and the United Kingdom, where social enterprises also include rather large organisations. Conversely, in Croatia, only one-fifth of social enterprises employ more than 10 workers, while in Latvia, the number of employees in social enterprises at their inception is approximately one to two people. From a gender perspective, in Belgium, females comprise 70% of the workforce in social economy, while in France they comprise 67%. Women represent about 61% of Italian social cooperatives' non-seasonal part-time employees, compared with 47% in other enterprises. In some countries, the creation of flexible jobs by social enterprises is regarded as a positive trend (e.g., Czech Republic, Italy, Lithuania, Turkey) that can especially benefit women. This is the case for both social enterprises led by women and social enterprises that mainly employ women. The high share of women employed is related to the fields of engagement of social enterprises, which also typically account for a high percentage of women when they are managed by public agencies. On the subject of human resources, data also show that in many countries—including Belgium, Denmark, France and Italy—large numbers of volunteers collaborate with social enterprises.

Table 14. Estimated number and degree of acceptance of social enterprises²¹

Country	Year	Estimated number of SEs	Number of SEs per million inhabitants	Estimated number of employees	Degree of data reliability	SE concept use & acceptance
Albania	2018	379	132	2,000-2,500	Low	Low
Austria	2015	Approx. 1,535	Approx. 174	N.A.	Low	Low
Belgium	2017	18,004	1,530	572,914	Average	Average-High
Bulgaria	2015-2017	Approx. 3,700	Approx. 525	26,000	Average	Average
Croatia	2018	526	128	N.A.	Average	Average
Cyprus	2017	190	22	N.A.	Very low	Low
Czech Republic	2018	3,773	356	N.A.	Average	Average
Denmark	2018	411	71	N.A.	Low	Average
Estonia	2016	121	92	1,603	Average	Low
Finland	2018	1,181	214	Approx. 52,500	High	Average
France	2015-2017	Approx. 96,603	1,414	>1,187,249	Average	Average
Germany	2017	77,459	936	N.A.	Average	Low
Greece	2019	1,148	107	N.A.	High	Average
Hungary	2016	15,855	1,621	72,642	Average	Average
Iceland	2017	258	740	1,488	Low	Low
Ireland	2009	3,376	699	>25,000	Low	High
Italy	2017	102,461	1,694	894,800	Very high	Very high
Latvia	2018	Approx. 200	Approx. 103	N.A.	Average	Average
Lithuania	2016-2017	3,476	1,237	N.A.	Average	Average

(21) The overall methodology applied for this mapping exercise creates the greatest possible homogeneity among data sources. However, it should be noted that there could be country variations regarding the specific calculations made to identify the number of social enterprises and employees, mainly due to data (un)availability.

Country	Year	Estimated number of SEs	Number of SEs per million inhabitants	Estimated number of employees	Degree of data reliability	SE concept use & acceptance
Luxembourg	2017-2018	928	1,546	24,055	High	High
Malta	2018	31-62	65-130	N.A.	Low	Low
Montenegro	2018	150	241	< 500	Low	Low
Netherlands	2015-2016	5,000-6,000	290-350	65,000-80,000	Low	Low
North Macedonia	2013-2015	551	266	N.A.	Low	Low
Norway	2016	250	47	N.A.	Average	Low
Poland	2016-2019	29,535	768	428,700	High	Average
Portugal	2013	7,938	771	145,734	Average	Average
Romania	2015-2017	6,317	323	17,117	Average	Average
Serbia	2012	411	59	4,273	Average	Low
Slovakia	2014	3,737	687	N.A.	Low	Average
Slovenia	2017	1,393	674	15,063	Average	Average
Spain	2017	9,680	208	>91,500	High	High
Sweden	2009-2016	Approx. 3,000	Approx. 296	N.A.	Low	Low
Turkey	2016-2018	1,776	22	N.A.	Average	Low
United Kingdom	2007-2017	30,753	464	353,357	Very high	Very high

3.1.4. Information on turnover

Very limited data are available on the economic turnover of social enterprises. Exceptions include Estonia, where social enterprises account for an annual turnover of 52.4 million EUR; Hungary, with a turnover of 2.3 billion; Ireland, with a turnover of 1.4 billion; Italy, with a turnover of 37.3 billion; the Netherlands, with a turnover of 3.5 billion; and Portugal, with a turnover of 3.3 billion. Similar to employment, available data on the composition of turnover confirm that social enterprises are rather small in size in most

of the countries mapped. The findings also show that social enterprises rely on a mix of resources derived from public subsidies, public contracts, sales of goods and services, membership fees, donations and other private revenues.

3.2. Legal statuses and legal forms adopted by social enterprises

Depending on the national legal system and other contextual characteristics, social enterprises cover a variety of legal and organisational forms in each country studied.

These include *ad hoc* legal forms/statuses that have been designed specifically to further social enterprise growth (*ex lege* social enterprises) and legal forms not designed explicitly for social enterprises (i.e., associations, cooperatives and mutuals, foundations, conventional enterprises and specific types of non-profit organisations in various countries: *chitalishte* in Bulgaria, *zavod* in Slovenia, public benefit companies in the Czech Republic), which can be used, albeit sometimes with difficulty, for the purpose of running economic activities aimed at pursuing general interest aims. Country variations tend to be rather significant: while in some countries the conduct of economic activities by non-profit organisations has been traditionally permitted by the legal system (this is the case, for instance, in France), in some other countries trading activity was until recently rather problematic (for example, in Italy).

Based on the public recognition (discussed in section 2.2) and the diverse national legal systems, social enterprises can be classified into five distinct groups. The first group refers to social enterprises that have been institutionalised through *ad hoc* legal forms enabling the conduct of a broad (e.g., general interest) or (second group) narrow (work integration) set of activities. The third group refers to social enterprises that have been awarded a legal status allowing for the carrying out of diverse activities or (fourth group) work integration specifically.

In several countries, social enterprises can be awarded a public benefit status (fifth group) that existed before the emergence of social enterprise and is not exclusively for social enterprise. Indeed, while the WISE status is attached to a specific type of social enterprise, the public benefit status can be awarded to a variety of organisations.

That said, the majority of social enterprises continue to use legal forms that are notably also used by organisations that are not conceived as social enterprises (sixth group).

Accordingly, the following types of social enterprises, illustrated by table 15, can be identified in the mapped countries.

Table 15. Legal statuses and legal forms adopted by social enterprises

Type of SE	Description	Legal form/status exclusively for SE	Countries
Institutionalised SE	Through a legal form designed specifically for SEs with a broad focus (different fields of activity of general interest)	Yes	Belgium, France, Germany, Greece, Italy, Latvia, Spain, United Kingdom
Institutionalised SE	Through a legal form designed specifically for SEs with a specific focus on work integration	Yes	Czech Republic, Greece, Hungary, Poland, Portugal
Institutionalised SE	Through an SE status (different fields of activity of general interest)	Yes	Bulgaria, Croatia, Denmark, France, Greece, Italy, Luxembourg, Portugal, Romania, Slovakia, Slovenia,
Institutionalised SE	Through a WISE status	Yes	Albania, Austria, Belgium, ⁽⁷⁾ Bulgaria, Croatia, Finland, France, Germany, Lithuania, Luxembourg, Poland, Romania, Serbia, Slovakia, Slovenia, Spain
Organisation with a public benefit status	Status that relates to a tax-privileged organisation that exists for public benefit	No	Albania, ⁽⁸⁾ Austria, Bulgaria, Czech Republic, ⁽⁹⁾ Estonia, Finland, France, Germany, Hungary, Latvia, Malta, Netherlands, Poland, Romania, ⁽¹⁰⁾ Sweden, Turkey (non-exhaustive list)
<i>De facto</i> SE	Organisation that fulfils the criteria set by the EU operational definition of SE, but uses a legal form not specific to social enterprises (e.g., association, cooperative, conventional enterprise)	No	All countries

3.2.1. Public benefit and WISE statuses

While legal statuses and traditional legal forms were presented in Section 2.2, the following paragraphs describe the rationale and functioning of the public benefit and WISE statuses specifically.

Public benefit status

Many European countries legally recognise “public benefit organisations”. This legal status is not a distinct legal form but, rather, attaches to organisations that fulfil certain criteria. To adopt this status, legal forms are required to pursue a prescribed

social purpose for the public interest or benefit, are not allowed to distribute profits and are often subject to heavier reporting requirements than conventional for-profit organisations. The public benefit status enables organisations to benefit from tax relief and other incentives.

For example, in Spain associations carrying out defined public benefit activities can request classification as a “public utility association”. In France, an association can be registered as an “ARUP” (*association reconnue d'utilité publique*) after fulfilling certain criteria. Polish non-governmental organisations (NGOs) may qualify for the status of “public benefit organisations” if they have a track record of undertaking public benefit activity for at least two years and meet other criteria concerning, inter alia, publishing information on activities. Hungarian legislation enables associations, foundations and non-profit companies to qualify as “public benefit organisations”.

In Ireland, companies limited by guarantee and companies limited by share that have a “charitable purpose” as their main object and do not distribute profits can apply to the tax authority for particular tax exemptions. A similar charitable status attaches to non-profit companies (limited by guarantee) in the United Kingdom. In Austria and Germany, share companies can qualify for tax privileged status (gGmbH) if they pursue a social purpose (such as an aim related to culture, science education or healthcare) and do not distribute profits (see box 3). In Germany, trading by a tax privileged company is limited to directly furthering its social purpose, although this can be overcome by establishing a separate for-profit company to undertake trade and donate profits to a tax privileged company.

Box 3. “Die gemeinnützige GmbH” (gGmbH) as public benefit organisations

A gGmbH is a limited liability company established to pursue public benefit goals. In Austria and Germany, a private limited liability company (as well as association) can be granted preferential treatment by the competent tax authorities if they are recognised as public benefit organisations (*gemeinnützig*). To obtain this status, a company (GmbH) must pursue a public benefit and use its assets for such tax-privileged purposes only. Profits may not be distributed to the shareholders of the gGmbH.

As understood by tax authorities, a public benefit purpose is directed towards the general public (not members of the organisation). Examples of eligible activities include the promotion of art and science, healthcare services, welfare services, services for the elderly or the disabled, social housing projects, education, nature conservation, disaster relief, development aid, consumer protection and sports.

The legal form of a gGmbH appears a priori to be a good option for social enterprises. Nevertheless, this option is not systematically used by social enterprises because of several limitations. First, activities considered public benefit activities are quite limited. Second, the need to clearly define the public benefit purpose and strictly identify the target group was seen as a barrier for social enterprises in their early phase of development. Moreover, the ability to build up reserves is restricted, which can in turn undermine the access to finance. The administrative burden associated with reporting requirements was also mentioned.

Last but not least, capital requirements are seen as an additional barrier. On this last point, there has been a recent change in laws that will make it easier to set up private limited companies in Austria.

The above-mentioned shortcomings with regard to Austria also apply in general to Germany (despite recent amendments to the legal framework).

WISE statuses

In a significant number of EU countries, including Austria, Bulgaria, Croatia, Germany, Poland, Romania, Slovenia and Spain, statuses recognising WISEs specifically have been introduced to facilitate especially the integration of disabled people. In some cases, WISEs have been introduced by recent legislation (e.g., Finland, Lithuania, Spain); in other cases, they are regulated by legislation that is more than 40 years old, including laws that were inherited from the communist regime in CEE (e.g., Bulgaria, Croatia, Slovenia).

In all the above-mentioned cases, a variety of legal forms can be characterised as WISEs, provided that at least 30% of the workforce is represented by disadvantaged individuals or persons with disabilities. Thus, unlike other legal frameworks regulating social enterprises, WISE statuses limit the social enterprise qualification only to those companies which include work integration as a permanent and significant aspect of their scope and mode of functioning. In Finland and Lithuania, only organisations operating in the field of work integration of disadvantaged people are eligible to obtain the social enterprise status.

Over the years, there has been a progressive enlargement of the typologies of disadvantaged people to be integrated by those legal forms that obtain the WISE status, whereas in the past only people with disabilities could be integrated.

Box 4. WISEs in Romania

In Romania, there are two types of WISEs: sheltered workshops, which focus on the integration of PWDs, and social insertion enterprises, which target all types of vulnerable groups.

Sheltered workshops were established in the early post-communist period. They can be set up by private organisations or public administrations and at least 30% of their employees must be PWDs. Sheltered workshops are organised according to the Law on Protection of PWDs (Law 448/2006). They perform productive work and commercial activities and provide personal and social services with the aim of fully integrating their recipients into the open labour market and society.

Like other European countries, Romania has a quota system for stimulating employers to hire PWDs. Law 448/2006 stipulates that any private or public organisation with 50 or more employees must hire at least 4% PWDs. If an employer does not meet this requirement, it must pay at the general state budget 100% of the national minimum salary for each vacant position. Until 2017, as an alternative, the defaulting company could buy goods or services for the given amount from authorised sheltered workshops. Recent legislation (G.O. 60/2017) removed this option, generating a reduction in the market for sheltered workshops and therefore a reduction in their income. In the absence of such provisions, most organisations operating as sheltered workshops decided not to renew their authorisations. Indeed, in 2017, the number of authorised sheltered workshops was 708, while by December 2018 only five sheltered workshops renewed their authorisations.

Social insertion enterprises are regulated by the Law on the Social Economy (Law 219/2015). Their aim is to integrate vulnerable people into the labour market, including PWDs. Thus, social insertion enterprises could in principle also include sheltered workshops. In fact, social insertion enterprises and sheltered workshops function in parallel, with neither one replacing the other. Social insertion enterprises can be set up by cooperatives, associations, foundations, mutual aid associations or conventional companies provided that they fulfil the social enterprise criteria (Art. 3). Moreover, they shall employ at least 30% of workers with disadvantages whose access to the labour market may be hampered (Art. 10), such as long-term unemployed, persons who have experienced addictive disorders, ex-convicts, minorities facing discrimination (e.g., Roma), NEETs, victims of domestic violence, single mothers, homeless, etc. The level of vulnerability is established through a social diagnosis performed by local public authorities. The registration as social insertion enterprise involves a long and complex bureaucratic process. At the end of November 2018, only 114 social enterprises were included in the National Registry of Social Enterprises and only 12 social integration enterprises were registered.

3.2.2. Institutionalised and *de facto* social enterprises

As illustrated by table 16 below, depending on the country, social enterprises are set up via *ad hoc* legal forms, statuses and accreditation schemes designed specifically for social enterprises and/or via existing organisations that may fulfil the social enterprise criteria (e.g., associations, cooperatives, conventional enterprises). Borderline types are also mentioned: they refer to initiatives and organisations that cannot be regarded as social enterprises, although they are mission-driven, because they do not prioritise the pursuit of social aims and/or do not carry out economic activities on a regular basis.

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Table 16. Legal forms used by social enterprises

EU Member States

Country	Institutionalised forms of SE	Organisations that can be considered SEs, provided that they comply with the three dimensions of the EU operational definition	Borderline types
AT	<ul style="list-style-type: none"> > Different legal forms with status of socio-economic enterprise (SÖB), non-profit employment project/company (GBP) and integrative enterprise (IB) 	<ul style="list-style-type: none"> > Associations > Cooperatives > Limited liability companies with/without public benefit status (<i>gemeinnutzigkeit</i>) 	<ul style="list-style-type: none"> > Sole proprietors generating social impact
BE	<ul style="list-style-type: none"> > Different legal forms accredited as work integration social enterprises (2019)⁽¹¹⁾ > Cooperatives accredited as social enterprises (2019) 	<ul style="list-style-type: none"> > Associations > Conventional enterprises > Cooperatives > Foundations > Mutuels 	-
BG	<ul style="list-style-type: none"> > Cooperatives and conventional enterprises registered as enterprises of PWDs (81/2004) > Different legal forms with social enterprise status (class A and class A+) (240/2018) 	<ul style="list-style-type: none"> > Associations (including <i>chitalishta</i>) > Cooperatives (mainly agricultural) > Foundations 	-
CY	-	<ul style="list-style-type: none"> > Associations > Cooperatives > Foundations > Limited liability companies 	-
CZ	<ul style="list-style-type: none"> > Social cooperatives (work integration, 90/2012) 	<ul style="list-style-type: none"> > Associations > Cooperatives > Foundations > Institutes > Limited liability companies > Public benefit companies 	<ul style="list-style-type: none"> > Sole proprietors generating social impact
DE	<ul style="list-style-type: none"> > Social and cultural cooperatives (2006) > Enterprises for the inclusion of PWDs and enterprises for the integration of persons with other permanent labour market disadvantages (2016) 	<ul style="list-style-type: none"> > Associations (including welfare organisations) > Associations, cooperatives and limited liability companies with public benefit status (<i>gemeinnutzigkeit</i>) > Cooperatives > Operational foundations 	<ul style="list-style-type: none"> > Share companies generating social impact

Country	Institutionalised forms of SE	Organisations that can be considered SEs, provided that they comply with the three dimensions of the EU operational definition	Borderline types
DK	<ul style="list-style-type: none"> > Associations, foundations and limited liability companies with social enterprise status (711/2014) 	<ul style="list-style-type: none"> > Associations > Foundations > Limited liability companies 	<ul style="list-style-type: none"> > Sole proprietors generating social impact
EE	-	<ul style="list-style-type: none"> > Commercial associations > Foundations > Limited liability companies > Non-profit associations 	-
EL	<ul style="list-style-type: none"> > Women's (agro-tourist) cooperatives (921/1979) > Limited liability social cooperatives (KoiSPE) (2716/1999, 4430/2016) > Two types of social cooperative enterprise (KoinSEp) (4430/2016): for work integration and for collective and social benefit purposes 	<ul style="list-style-type: none"> > Agricultural cooperatives with/without social and solidarity economy status > Civil cooperatives with/without social and solidarity economy status > Limited liability companies, general partnerships and private companies with/without social and solidarity economy status 	<ul style="list-style-type: none"> > Associations with/without social and solidarity economy status > Civil non-profit companies with/without social and solidarity economy status > Foundations
ES	<ul style="list-style-type: none"> > Social initiative cooperatives (CIS) (27/1999) > Social integration enterprises (44/2007) > Special employment centres (1/2013, revised 9/2017) 	<ul style="list-style-type: none"> > Associations > Conventional enterprises > Cooperatives > Foundations 	<ul style="list-style-type: none"> > Conventional companies engaged in corporate social responsibility
FI	<ul style="list-style-type: none"> > Different legal forms registered as social enterprises (work integration, 1351/2003, revised 924/2012) 	<ul style="list-style-type: none"> > Cooperatives > Foundations > Limited liability companies > Non-profit associations 	<ul style="list-style-type: none"> > Sole proprietors generating social impact
FR	<ul style="list-style-type: none"> > Insertion enterprises (91/1991, revised in 2018) > Collective interest cooperative societies (SCIC) (2001) > Solidarity enterprises of social utility (ESUS) (2014) > Cooperatives of activity and employment (CAE) (2014) 	<ul style="list-style-type: none"> > Associations > Cooperatives (cooperative and participative societies – SCOPs) > Foundations > Mutual societies 	<ul style="list-style-type: none"> > Mission-driven enterprises

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Country	Institutionalised forms of SE	Organisations that can be considered SEs, provided that they comply with the three dimensions of the EU operational definition	Borderline types
HR	<ul style="list-style-type: none"> > Companies, cooperatives and institutions with status of sheltered workshop or integrative workshop (157/2013) > Different legal forms with social enterprise status (Strategy 2015) 	<ul style="list-style-type: none"> > Associations > Conventional enterprises > Limited liability companies funded/owned by associations > Private foundations > Private institutions funded/owned by associations (<i>ustanova</i>) > Social cooperatives, veteran social-working cooperatives, cooperatives 	-
HU	<ul style="list-style-type: none"> > Social cooperatives (work integration, 141/2006) 	<ul style="list-style-type: none"> > Associations with/without public benefit status > Cooperatives with/without public benefit status > Conventional enterprises > Foundations with/without public benefit status > Non-profit companies with/without public benefit status 	<ul style="list-style-type: none"> > Sole proprietors generating social impact
IE	-	<ul style="list-style-type: none"> > Companies limited by guarantee (CLG) > Companies limited by share (CLS) 	-
IT	<ul style="list-style-type: none"> > A-type social cooperatives (delivering social, health and educational services) and B-type social cooperatives (work integration) (381/1991) > Different legal forms with status of social enterprise (155/2006 and 106/2016) 	<ul style="list-style-type: none"> > Associations > Cooperatives (e.g., community cooperatives) > Foundations > Mutual aid societies 	<ul style="list-style-type: none"> > Benefit corporations
LT	<ul style="list-style-type: none"> > Different legal forms with status of social enterprise (work integration, IX-2251/2004) 	<ul style="list-style-type: none"> > Associations > Foundations > Public enterprises 	<ul style="list-style-type: none"> > Share companies generating social impact > Sole proprietors generating social impact
LU	<ul style="list-style-type: none"> > Different legal forms accredited as work integration organisations (41/2009) > Limited liability companies and cooperatives with status of societal impact companies (SIS) (2016) 	<ul style="list-style-type: none"> > Associations > Conventional enterprises > Cooperatives > Foundations > Mutuels 	-
LV	<ul style="list-style-type: none"> > Limited liability companies with status of social enterprise (2017) 	<ul style="list-style-type: none"> > Associations with/without public benefit status > Foundations with/without public benefit status 	-
MT	-	<ul style="list-style-type: none"> > Cooperatives > Voluntary organisations 	<ul style="list-style-type: none"> > Limited liability companies engaged in corporate social responsibility

Country	Institutionalised forms of SE	Organisations that can be considered SEs, provided that they comply with the three dimensions of the EU operational definition	Borderline types
NL	-	<ul style="list-style-type: none"> > Associations with/without public benefit status > Cooperatives with/without public benefit status > Foundations with/without public benefit status > Limited liability companies with/without public benefit status 	<ul style="list-style-type: none"> > Sole proprietors generating social impact > Share companies generating social impact
PL	<ul style="list-style-type: none"> > Professional activity establishments (ZAZ) (776/1997) > Social cooperatives (work integration, 2006) 	<ul style="list-style-type: none"> > Entrepreneurial non-profit organisations (ENPOs, e.g., associations and foundations) > Conventional enterprises (non-profit companies) 	-
PT	<ul style="list-style-type: none"> > Social solidarity cooperatives (51/1996) > Associations, mutual associations, mercy houses, foundations, social cooperatives with status of private institution of social solidarity (IPSS) (172-A/2014) 	<ul style="list-style-type: none"> > Associations without IPSS status > Cooperatives without IPPS status and with/without public utility status > Limited liability companies and joint-stock companies 	-
RO	<ul style="list-style-type: none"> > Associations, foundations and conventional enterprises accredited as sheltered workshops (448/2006) > Different legal forms with social enterprise certificate (219/2015) > Social insertion enterprises: different legal forms with social mark (219/2015) 	<ul style="list-style-type: none"> > Associations > Cooperatives > Foundations > Limited liability companies and other conventional enterprises > Mutual aid associations for retirees 	-
SE	-	<ul style="list-style-type: none"> > Economic associations > Limited companies > Non-profit associations 	<ul style="list-style-type: none"> > Sole proprietors generating social impact > Foundations
SI	<ul style="list-style-type: none"> > Limited liability companies with status of companies for PWDs (2004) > Private institutes, limited liability companies and cooperatives with status of employment centre (2004) > Different legal forms with status of social enterprise (20/2011 revised in 2018) 	<ul style="list-style-type: none"> > Associations > Cooperatives > Foundations > Private institutes 	-

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Country	Institutionalised forms of SE	Organisations that can be considered SEs, provided that they comply with the three dimensions of the EU operational definition	Borderline types
SK	<ul style="list-style-type: none"> > Work integration social enterprises (5/2004, amended 2008) > Social enterprises (112/2018) 	<ul style="list-style-type: none"> > Civic associations > Cooperatives > Foundations > Limited liability companies > Non-investment funds > Non-profit organisations providing public benefit services (public benefit organisations) 	-
UK	<ul style="list-style-type: none"> > Community interest companies (2004) (registered as CIC company limited by guarantee or CIC company limited by shares) 	<ul style="list-style-type: none"> > Companies limited by guarantee (CLG) with an option to hold charitable status > Cooperatives (community benefit societies or community cooperative societies—previously industrial and provident societies or registered societies) 	<ul style="list-style-type: none"> > Companies limited by shares generating social impact > Sole proprietors generating social impact

Non-EU countries

Country	Institutionalised forms of SE	Organisations that can be considered SEs, provided that they comply with the three dimensions of the EU operational definition	Borderline types
AL	> Associations, centres and foundations with status of social enterprise (work integration, 65/2016 approved but not yet in force)	<ul style="list-style-type: none"> > Agricultural cooperatives > Associations > Centres > Foundations > Limited liability companies 	> Sole proprietors generating social impact
MK	-	<ul style="list-style-type: none"> > Associations > Conventional enterprises operating as sheltered workspaces > Cooperatives 	-
IS	-	<ul style="list-style-type: none"> > Associations > Conventional enterprises > Cooperatives > Different legal forms operating as vocational rehabilitation organisations > Self-governing foundations 	-
ME	-	<ul style="list-style-type: none"> > Associations > Cooperatives > Foundations > Limited liability companies > Protective workshops 	-
NO	-	<ul style="list-style-type: none"> > Associations > Cooperatives > Foundations > General partnerships and shared responsibility > Limited liability companies (including non-profit limited companies) 	> Sole proprietors generating social impact
RS	> Work integration social enterprises for PWDs (36/2009)	<ul style="list-style-type: none"> > Associations > Conventional enterprises > Cooperatives > Foundations 	-
TR	-	<ul style="list-style-type: none"> > Commercial enterprises of community foundations and “new foundations” > Commercial enterprises of associations with public benefit status > Conventional enterprises > Cooperatives (mainly women and education) 	> Sole proprietors generating social impact



4

SOCIAL ENTERPRISE IN THE LANDSCAPE OF ORGANISATIONAL FORMS AND WELFARE SYSTEMS

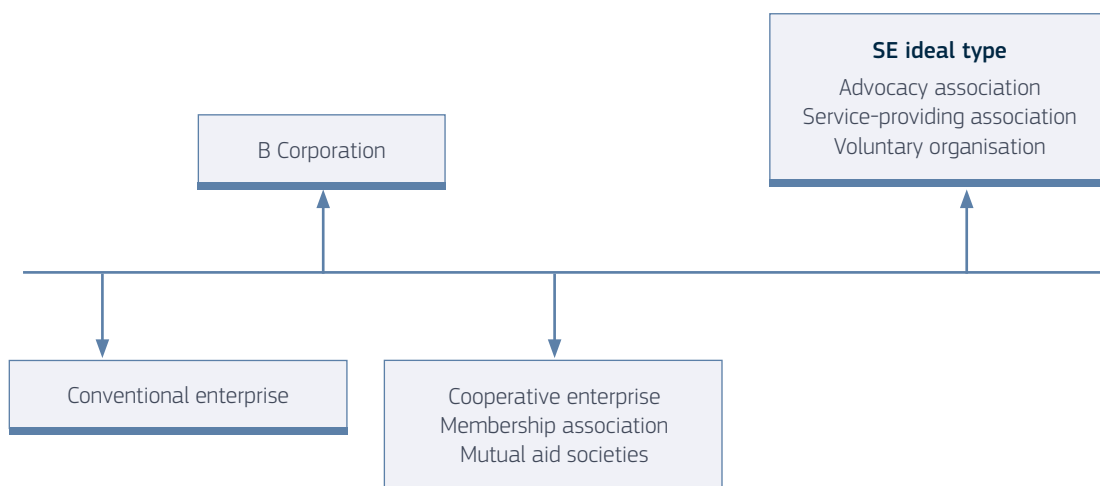
4.1. Social enterprise types vis-à-vis other organisational forms

By positioning the social enterprise in the landscape of organisational forms, this section aims at capturing its specificity when compared with other institutional settings. Hence, it includes a tentative attempt to position the diverse organisational forms (traditional non-profit organisations, traditional cooperatives and conventional enterprises) in relation to the three key dimensions of the social enterprise operational definition. Based on this tentative exercise, the different organisational forms are then placed in a three-dimensional diagram (see figure 9), illustrating their position in relation to a full match with the ideal type, represented by the social enterprise concept as defined in the SBI.

4.1.1. Social dimension

Similar to voluntary organisations and foundations, social enterprises pursue explicit social aims with a view to benefitting society at large or specific groups of fragile stakeholders. Along the continuum positioning organisations according to their social orientation, organisations operating as social enterprises are placed at the extreme right as opposed to conventional enterprises that strive for profits on the other extreme. Next to conventional enterprises are positioned B Corporations (including benefit corporations), given their higher standards for socially/ environmentally responsible business. Since they are set up to promote the interests of their members and not those of investors, cooperatives are placed between B Corporations and social enterprises.

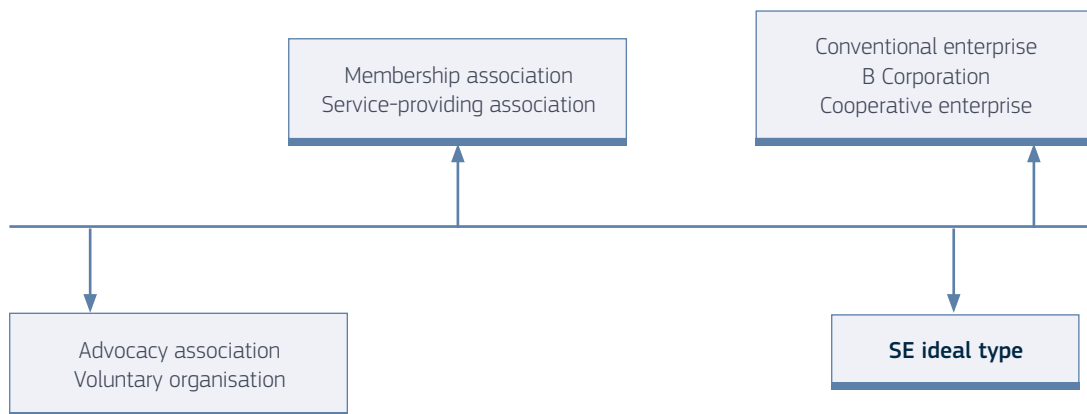
Figure 6. Social dimension



4.1.2. Entrepreneurial/economic dimension

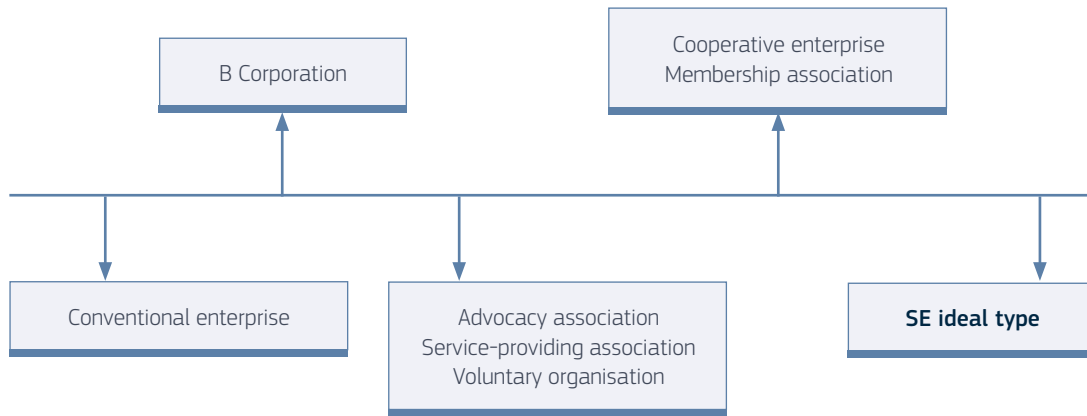
When compared with traditional non-profit organisations, social enterprises are distinguished by a relevant economic dimension, which is, however, less relevant than conventional enterprises. When compared with the latter, social enterprises face lower economic risks, often also rely on public funding and grants and are less attractive for investors, as they ensure low or no return altogether on investments. As a result, along the continuum positioning enterprises according to the relevance of their economic/entrepreneurial dimension, organisations operating as social enterprises are placed between service-providing associations and conventional enterprises and B Corporations.

Figure 7. Economic dimension



4.1.3. Inclusive governance-ownership dimension

Social enterprises have an inclusive dimension, which implies the engagement of concerned stakeholders through different means. Given their inclination towards empowering recipients, social enterprises are amongst the most inclusive organisations. When compared with traditional cooperatives they represent different interests at stake and involve a plurality of stakeholders in their governing bodies, including recipients, volunteers, workers and donors, and are managed according to democratic principles.

Figure 8. Inclusive dimension

4.1.4. Combining the social, economic and governance dimensions

Provided that the pursuit of explicit social aims is prioritised through economic activities, the entrepreneurial, social and inclusive governance dimensions can be combined dynamically in different ways.²² The relevance of each dimension depends on a number of key factors: the legal form covered, the type of activity run and the stage of development of the social enterprise.

Due to their legally prescribed governance, social enterprises set up as cooperatives place more emphasis on the inclusive dimension than social enterprises set up as foundations and associations. Furthermore, cooperatives are more entrepreneurial as they rely mostly on trading than associations, which normally draw significantly on grants, public subsidies and donations. In some countries, the entrepreneurial orientation of associations and foundations is, moreover, jeopardised by cultural barriers hampering the evolution of associations and foundations towards a stronger entrepreneurial stance.

As concerns new types of social enterprises that use the legal forms of conventional companies, they normally have a stronger economic dimension and tend to emphasise innovation but place less emphasis on democratic decision-making.

(22) Noteworthy is the proximity of the definition delivered by the SBI with the conceptual approach developed by the EMES International Research Network in the last 20 years (Borzaga, C. and Defourny, J. [2001]. *The Emergence of Social Enterprise*. London and New York: Routledge; Nyssens, M. [2006]. *Social enterprise: At the crossroads of market, public policies and civil society*. London and New York: Routledge; Defourny, J. and Nyssens, M. [2016]. *Fundamentals for an International Typology of Social Enterprise Models*, ICSEM Working Papers, No. 33, Liege.

Failure to comply with the non-profit distribution constraint can be counterbalanced by the types of activities carried out. An example is the integration of a reasonable quota of disadvantaged persons into work:²³ since it presupposes a strong social connotation of the enterprise, it is expected to make the generation of profits difficult to achieve.²⁴ Similarly, there is a trade-off between compliance with the non-distribution constraint and the participation of stakeholders: a partial (or “relaxed”) distribution of profits can be counterbalanced by the inclusion of all the concerned stakeholders (i.e., volunteers and/or users) in the governance of the social enterprise, which allows for the safeguarding of their interests.²⁵

The scale of “entrepreneurialisation” of the social enterprise is furthermore strongly influenced by its stage of development. Newly established, small social enterprises often rely largely on voluntary work and are hence less entrepreneurial. The innovation power of pioneer social enterprises that design successful new social services is conversely much stronger than the innovation power of those that copy well-functioning social services.

The following figure builds on the values reported in table 17 that have been assigned to the three dimensions of the different social enterprise types to be found in Europe. The figure positions the most widespread social enterprise legal types vis-à-vis the social enterprise ideal type as defined by the SBI operational definition. Borderline cases are also included in the picture. The position of each type results from the interplay among its social, entrepreneurial/economic and inclusive dimensions.

(23) Taking into account recent EU regulations on reserved contracts, the reasonable quota of disadvantaged people to be integrated into work should be at least 30% of the total number of employees.

(24) Worth underlining is the misuse by opportunistic enterprises of the WISE statuses in some countries, such as Bulgaria, Romania and other countries distinguished by a rather high degree of perception of corruption.

(25) Examples of “relaxed distribution of profits” are provided, for instance, in the legislation on social cooperatives in Italy and the legislation on SCICs in France. Both cooperative types are allowed to partially distribute annual dividends, but they must comply with a total asset lock.

Figure 9. Organisational types and the three dimensions of the SBI definition

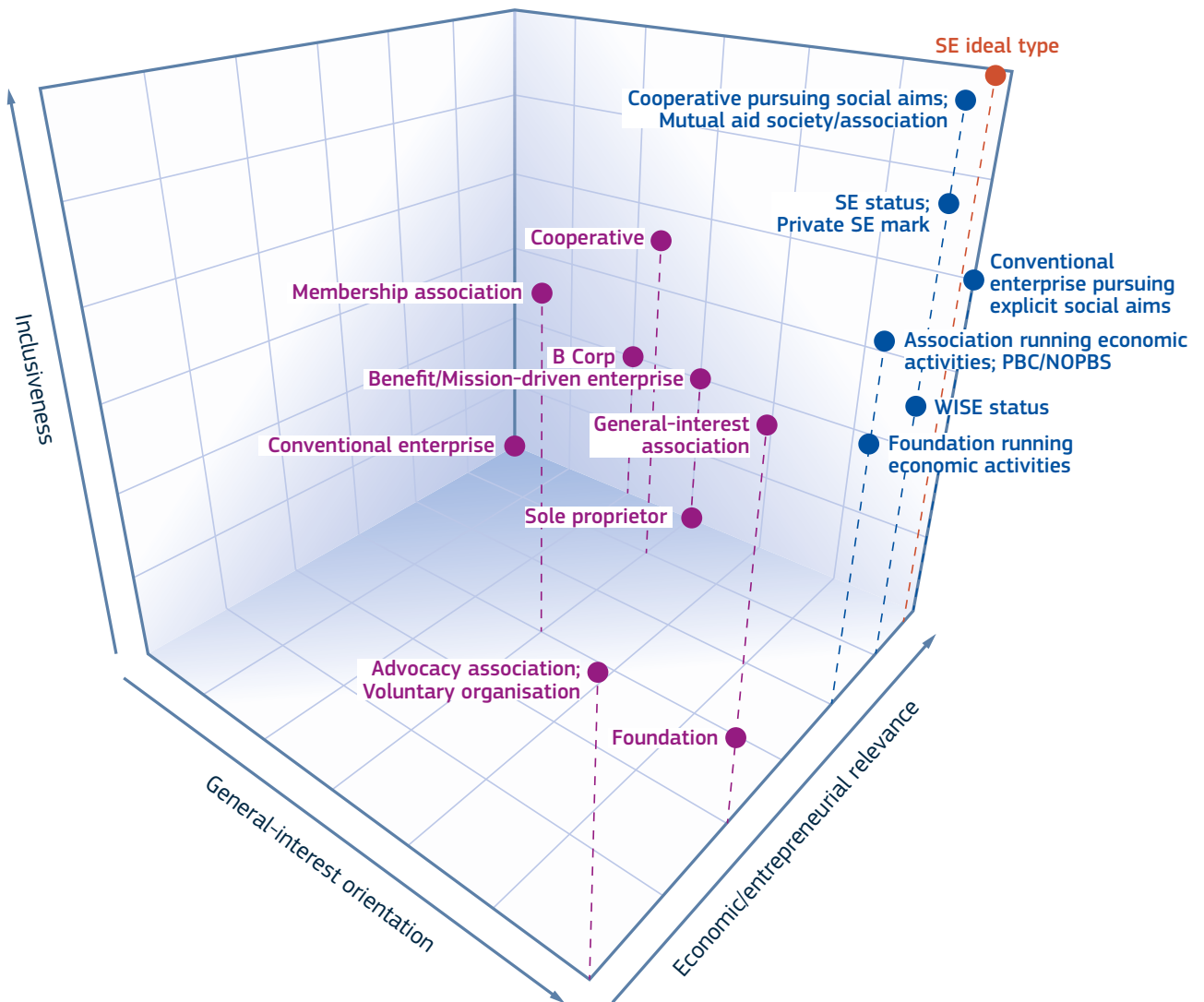


Table 17. Mapping of organisational types against the EU operational definition

Organisational types	Degree of general-interest orientation	Degree of economic/entrepreneurial relevance	Degree of inclusiveness	Aim/Rationale	Examples	Fulfil EU operational definition?
Conventional enterprise	0	6	0	Strives for profit	All countries mapped	No
Sole proprietor⁽¹²⁾	3	6	0	Strives for profit and shows high standards of social responsibility	All countries mapped	No
Foundation⁽¹³⁾	6	2	1	Pursues explicit social aims, marginal economic activity and no participation of recipients or workers in the governing bodies	All countries mapped	No
Advocacy association	6	0	3	Advocates for the rights of vulnerable groups (other than members). Marginal economic activity. Recipients do not participate in governing bodies	All countries mapped	No
Voluntary organisation	6	0	3	Benefits society. Marginal economic activity, low participation of recipients and sometimes workers	All countries mapped	No
B Corporation	2	6	2	Strives for profit but shows highest standards for socially/environmentally responsible business and high accountability	AT, BE, CZ, DE, DK, EL, ES, FI, FR, HU, IE, IT, LU, MT, NL, NO, PL, PT, SE, TR, UK	No
Membership association	3	3	4	Promotes members' (homogenous class of stakeholders sharing a specific interest) interests; sources of income and entrepreneurial risk vary from low to high	All countries mapped	No
Benefit corporation/mission-driven enterprise	3	6	2	Strives for profit and pursues explicit social aims as specified in their statutes. Attention paid to the impact of their activity upon all concerned stakeholders	FR, IT	No
General-interest association	6	2	4	Pursues general interest aims, marginal economic activity, participation of members furthered (not necessarily homogenous class of stakeholders)	All countries mapped	No
Cooperative	3	5	4	Promotes owners' (other than investors) interests. One-member-one-vote (homogenous class of stakeholders) rule. Market incomes predominate and average-high entrepreneurial risk	All countries mapped	No

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Organisational types	Degree of general-interest orientation	Degree of economic/entrepreneurial relevance	Degree of inclusiveness	Aim/Rationale	Examples	Fulfil EU operational definition?
Foundation running economic activities	6	4	3	-	AL, BE, BG, CY, CZ, DE, DK, EE, ES, FI, FR, HR, HU, IS, IT, LT, LU, LV, ME, NL, NO, RO, RS, SI, SK	Yes
Association running economic activities ⁽¹⁴⁾	6	4	4	-	Most countries mapped	Yes
Public benefit company (PBC)/Non-profit organisation providing public benefit services (NOPBS)	6	4	4	-	CZ, SK	Yes
WISE status ⁽¹⁵⁾	6	5	3	-	AL, AT, BE, ⁽¹⁶⁾ BG, DE, ES, HR, FI, FR, LT, LU, PL, RO, RS, SI, SK	Yes
Conventional enterprise pursuing explicit social aims	6	6	4	-	Most countries mapped	Yes
Private SE mark	6	5	5	-	AT, DE, FI, PL, UK	Yes
SE status ⁽¹⁷⁾	6	5	5	-	BG, DK, EL, FR, HR, IT, LU, LV, PT, RO, SI, SK, UK	Yes
Mutual aid society/association	6	5	6	-	BE, FR, IT, LU, PT, RO	Yes
Cooperative pursuing social aims ⁽¹⁸⁾	6	5	6	-	AL, AT, BE, BG, CY, CZ, DE, EL, ES, FI, FR, HR, HU, IS, IT, LU, ME, MK, MT, NL, NO, PL, PT, RO, RS, SI, SK, TR, UK	Yes
SE ideal type (EU operational definition)	6	5.5	6	-	-	By definition

4.2. Social enterprise vis-à-vis public policies and welfare systems

The findings of the mapping study enable analysis to go beyond interpretations based on individual country experiences. They allow for a reflection on how the social enterprise is contributing to the welfare system design and reforms from a comparative perspective.

The following paragraph describes in a simplified way different types of national situations in relation to welfare regimes, public policies and the roles of social enterprises in these contexts. Tables 18-22 group countries based on the diverse situations in relation to welfare state dynamics and illustrates the appearance of social enterprises in different organisational forms in different countries. This box is not intended to be exhaustive, but it does provide a useful way to capture the diversity in this field.

4.2.1. Welfare system types and social enterprise fields of activity

In countries with a traditionally poor supply of welfare services by public providers and strong traditions of civic commitment, social enterprises initially emerged to fill gaps in welfare service delivery. In these countries, public support policies tend to sustain the complementary supply of general interest services by social enterprises. This situation occurs especially in domains in which public provision is lacking. Nevertheless, the degree of coverage and the types of services that social enterprises deliver strongly depend upon country specificities.

Besides experimenting with and ensuring an increasingly broader coverage of welfare services, including innovative work integration pathways, social enterprises traced back to this group have progressively expanded into a wide set of fields of interest to local communities, such as culture, environment and housing. With the caveat of simplifying the reality, these types of dynamics can be observed in Greece, Italy, Portugal and Spain.

Table 18. Welfare system distinguished by a poor public supply of welfare services and strong civic engagement

Type of SE	Social and health services	Work integration	Other societal challenges (e.g., community development, culture, innovative education, environment)
Cooperative and mutual aid society/association pursuing explicit social aims	Greece, Italy, Portugal	Greece, Italy, Portugal, Spain	Greece, Portugal, Spain
Association and foundation running economic activities	Italy, Portugal, Spain	Portugal	Italy, Portugal
Conventional enterprise pursuing explicit social aims	Portugal, Spain	Greece	Italy, Portugal
Special employment centre	–	Spain	–

In those European countries where the supply of welfare services has traditionally been public, the emergence of social enterprise has typically been intertwined with the transformation of the welfare systems. Key fields of engagement have been those in which service delivery has been contracted out (mainly substitutive role). They have nevertheless been followed by a progressive expansion in additional fields of interest to the community, prompted by groups of concerned citizens from the bottom up. Such a development has taken place notably in Denmark, Finland, Sweden and the United Kingdom. While covering a mere executive role, social enterprises tend to substitute public policies in these countries.

Table 19. Welfare system with extensive public supply of social services, increasingly contracted out to private providers

Type of SE	Social and health services	Work integration	Other societal challenges (e.g., community development, culture, innovative education, environment)
Cooperative and mutual aid society/association pursuing explicit social aims	Finland, Sweden, United Kingdom	Denmark, Finland, Sweden, United Kingdom	Finland, Sweden, United Kingdom
Association and foundation running economic activities	Denmark, Finland, United Kingdom	Denmark, Sweden	–
Conventional enterprise pursuing explicit social aims	Finland, United Kingdom	Finland, Sweden	Finland, Sweden, United Kingdom

In countries with welfare systems under reform and/or gaps in welfare service delivery, social enterprises have emerged in a more diversified spectrum of areas from the outset showing, however, a strong inclination to address the needs of disadvantaged and marginalised groups. This concerns notably Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. In these countries, public policies benefitting social enterprises are mainly designed to enhance social inclusion and often take the form of public subsidies.

Table 20. Welfare systems that have undergone drastic reforms, and have a weak associative and cooperative tradition

Type of SE	Social and health services	Work integration	Other societal challenges (e.g., community development, culture, innovative education, environment)
Cooperative and mutual aid society/association pursuing explicit social aims	Romania	Bulgaria, Czech Republic, Hungary, Poland, Slovenia	Czech Republic, Romania
Institute, <i>zavod</i> , foundation engaged in market activities	Bulgaria, Croatia, Czech Republic, Latvia, Lithuania, Romania, Slovenia	Croatia, Romania, Slovenia	Bulgaria, Croatia, Czech Republic, Latvia, Lithuania, Romania, Slovakia, Slovenia
Association, PBC, PBO, <i>chitalishte</i> pursuing general interest and engaged in market activities, ZAZ	Bulgaria, Croatia, Czech Republic, Estonia, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia	Czech Republic, Estonia, Poland, Romania	Bulgaria, Croatia, Czech Republic, Estonia, Latvia, Lithuania, Romania, Slovakia, Slovenia
Conventional enterprise pursuing general interest aims	Croatia, Czech Republic	Bulgaria, Croatia, Latvia, Romania, Slovakia, Slovenia	Croatia, Czech Republic, Greece, Lithuania, Slovenia

Unlike the three above-mentioned instances, countries with extensive non-profit welfare structures already supported by public resources and covering the majority of the needs of the population have seen a shift of traditional non-profit organisations engaged in the welfare domain towards a stronger entrepreneurial stance (e.g., Austria, Germany and the Netherlands). This trend also applies to a certain extent to Belgium, France and Luxembourg, where public policies tend to assign either an integrative or substitutive role to social enterprises. These countries have also witnessed the emergence of social enterprises in niche areas. In Germany, emerging fields include renewable energy, affordable housing and fair and ecological goods.

Table 21. Countries with extensive non-profit welfare structures heavily supported by public resources

Type of SE	Social and health services	Work integration	Other societal challenges (e.g., community development, culture, innovative education, environment)
Cooperative and mutual aid society pursuing explicit social aims	Austria, Belgium, France	Luxembourg	Austria, France, Germany
Association and foundation running economic activities	Austria, France, Germany, Ireland	Austria, Belgium, France, Germany, Ireland	Austria, France, Germany, Ireland, Luxembourg
Conventional enterprise pursuing explicit social aims	Austria, France	Austria, Belgium, France	Austria, France, Germany

Examples of countries where a social enterprise field is gradually emerging include Cyprus and Malta. Interestingly, in Malta there is a trend towards co-planning of service-providing organisations and local authorities, which is likely to pave the way for social enterprise development.

Finally, in non-EU countries with severe poverty and high unemployment rates, social enterprises normally engage in extremely diverse domains, including the primary sector, with a view to ensuring decent incomes to farmers and their families. In these countries, social enterprises tend to be disconnected from public policies, which are rather weak and ineffective.

Table 22. Non-EU countries with high poverty rates

Type of SE	Social and health services	Work integration	Other societal challenges (e.g., community development, culture, innovative education, environment)
Cooperative pursuing explicit social aims	Malta	Turkey	Albania, Malta, North Macedonia, Serbia, Turkey
Association and foundation running economic activities	Malta, North Macedonia, Serbia, Turkey	North Macedonia	Albania, Turkey
Conventional enterprise pursuing explicit social aims	–	Serbia	Albania, Serbia

All in all, social enterprises are nowadays largely diversified in terms of types of general interest services delivered and target groups served. From a comparative perspective, the main field in which social enterprise initially emerged is welfare. The first social enterprises succeeded in becoming rather solid in this domain thanks to public support. Conversely, particularly new types of social enterprises have emerged over the last decade to address new societal challenges, including climate change, waste management, migration and social cohesion enhancement through culture, art and sport.

These diverse fields of activity of social enterprises can, however, be traced back to three main areas of focus:

- > health and social services
- > work integration of disadvantaged persons
- > tackling of other societal challenges



5

TRENDS, OPPORTUNITIES
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Based on the transversal reading of the updated country reports, social enterprises have gained stronger visibility and have grown in number since 2014. Their relevance is, moreover, likely to increase further over the coming decades, given the pressing challenges faced by European countries.

Positive changes are particularly impressive in countries where the degree of development of social enterprise was rather poor in 2014. However, without further legitimisation, adequate support to scale up and consolidate (also through tax breaks), proper capacity building and access to financial resources tailored to their peculiar needs, social enterprises will remain vulnerable.

The vulnerability of social enterprises is to a certain extent connected to the fragmented debate and conceptual confusion that revolves around their role in contemporary societies. Moreover, vulnerability results from the strong dependency of social enterprises upon national and local policies, given their strong integration into EU Member States' welfare systems, continuous policy changes and cuts in public spending.

The debate is caught between diverse and sometimes conflicting conceptions and visions of the social enterprise. One of these views sheds light on the contribution of social enterprises to innovating, democratising and making the welfare system more effective. Stakeholders supporting this interpretation link the social enterprise with the longstanding history of the third sector/social economy, highlight its local anchorage and inclusive governance and emphasise the opportunity to develop new approaches to public service delivery that are different from the mainstream approaches of both the public and private for-profit sectors.

As opposed to this interpretation, critics believe that the development of social enterprise may serve as an excuse with which public agencies justify their withdrawal and the dismantling of the welfare state. Consistent with this interpretation, social enterprises are not seen as autonomous entities that are driven by citizens' active mobilisation. Rather, they are expected to implement public authorities' agenda. Accordingly, social enterprises tend to be narrowly understood within the field of social policy and are often conflated with only employing disadvantaged people or people with disabilities (e.g., Croatia, Czech Republic, Lithuania, Poland, Romania, Slovakia and Slovenia).

Both interpretations are grounded in the recent history of social enterprise and testify to the diverse and intertwined dynamics driving their emergence and development in Europe. To fully understand the roles, unexpressed potential and limitations of social enterprises, it is crucial to become aware of these diverse patterns. In light of this, the mapping exercise and analysis both contribute to capturing these dynamics and their interaction.

An additional challenge highlighted by the stakeholders consulted for this study is the need to adhere to a shared understanding of what constitutes a social enterprise. Based

on their view, distinguishing the specificity of social enterprise vis-à-vis other institutional architectures is a pre-requisite for designing adequate policies and management tools. Acknowledging the nature of social enterprise would enable the exploitation of its added value in meeting unmet needs in local communities, experimenting with innovative solutions and facilitating the utilisation of unused resources that would not otherwise be addressed to welfare goals.

In the view of most stakeholders, this common understanding should not be at the detriment of a wide definition. The social enterprise definition should cover under its umbrella diversity in legal types, activities and target groups. Furthermore, it should both include conventional enterprises with a core social vision and protect the concept of the social enterprise from being co-opted by private businesses that are not genuinely interested in achieving social aims. The risk that the social enterprise concept will be abused by conventional enterprises is greater in countries that have not defined social enterprises legally and/or where the concept is freely interpreted (Sweden, United Kingdom). This situation also occurs in countries where there is a significant awareness that all enterprises ought to generate socially beneficial impacts (the Netherlands).

Against this background, the SBI operational definition has contributed to conceptual clarity and has enhanced convergence towards a shared understanding of the social enterprise phenomenon in Europe.

5.1. Trends

Compared with 2014, the interest in social enterprises amongst policymakers, public authorities and researchers has increased remarkably in most countries mapped. The discussion and approval of new legislation and the promotion of new support and funding schemes inspired by the SBI confirm this widespread trend.

The number of social enterprises and people employed is progressively increasing in most EU Member States. Moreover, the general environment in which social enterprises operate is becoming slightly more enabling. The demand for personal and general services provided by social enterprises is growing. Although people are still not fully aware of the potential of social enterprise, society is in general more socially conscious, with people showing more interest in responsible consumption, including local, organic and fair products; companies demonstrating more concern about their CSR; and investors paying more attention to ethical issues. This emerging mind-set, increasingly sensitive to social responsibility, corroborates the sustainability of the idea behind the emergence of the social enterprise: that enterprises can also prioritise the pursuit of social aims.

The domains of engagement of social enterprise are progressively broadening. Social enterprises constantly engage with growing societal problems, which differ from country to country and within countries and local territories. Demographic changes linked to low birth rates and ageing populations, in-migration (e.g., Germany, Italy, Luxembourg, Sweden) and out-migration flows (e.g., Bulgaria, Poland, Romania and Slovakia), climate change, regional development, and marginalisation of remote communities and groups, including Roma (e.g., Czech Republic, Hungary, Romania, Slovakia), are amongst the most pressing challenges faced by social enterprises in EU Member States.

Against the decrease in the number of traditional low-skills positions induced by digital technologies, innovative approaches to integrating disadvantaged people have, moreover, the potential for success in emerging fields, such as social farming, upcycling and culture, in which social enterprises are increasingly engaging. This wider perspective going beyond the welfare domain is reflected in recent legal reforms acknowledging new societal challenges tackled by social enterprise (i.e., Bulgaria, Italy, Slovenia). In some countries, stakeholders highlight the natural linkage between the national adaptation of the UN Sustainable Development Goals (SDGs) and the space for social enterprise to focus on “green policy” and environmental sustainability (e.g., Czech Republic, Denmark). The broadening of the fields of engagement also suggests that the potential of social enterprise as a business model should be addressed at the crossroads of several policy areas: welfare services, health, energy, agriculture and environment. More information on the contribution of social enterprise to the achievement of the SDGs is provided in appendix 7.

The role and potential of the social enterprise has proved to be strongly linked to local communities and actors that are willing to interact with social enterprises to address common challenges. Against the uncertainty and, sometimes, scant effectiveness of national public policies, the role of municipalities in supporting social enterprise in their local contexts has increased in many EU Member States over the last five years. New and ongoing processes of decentralisation in social service delivery have and are likely to put municipalities in a unique position to support social enterprises at the local level (e.g., Denmark, Sweden). In the Netherlands, the rise of social enterprises is connected to the number of public tasks that have recently shifted from the national government to the local governments, which increasingly see the value of collaborating with social enterprises to tackle numerous challenges.

In Portugal, the transfer of some responsibilities to municipalities may contribute to a scenario in which social enterprises enrol in local pacts for social development with local authorities and SMEs. In the United Kingdom, some towns (e.g., Rotherham and Preston) and counties (e.g., Cornwall) provide examples of intense support and advisory service partially linked to targeted EU funds, while in the Czech Republic some municipalities and regional authorities have contributed to the development of social

enterprises by serving as clients for their products and services via responsible public procurement. Compared with national schemes, local authorities are in general more inclined to experiment with innovative interaction and support modalities.

Nevertheless, in several countries the role of municipalities is still far from being valorised (e.g., Bulgaria, Estonia, Lithuania, Slovenia). In spite of the steps taken by state institutions and municipalities to involve social enterprises, there is still a good deal of distrust. In some countries, social enterprises are often perceived as competitors of public institutions (e.g., Slovenia) and the gap between the supply of and the demand for social services continues to be far from being filled, especially in CEE, Greece and the non-EU countries covered by this study.

This is also the case in remote areas, where social enterprises are less developed and have access to fewer public support schemes, despite these territories demonstrating the most pressing needs (e.g., Bulgaria, Germany, Italy).

At the same time, the role of regional authorities, which might be better placed and have more means to support social enterprises, is gaining relevance in some countries. Prominent examples are provided by regional strategies to support the social and solidarity economy in France and the Scottish strategy for social economy.

5.2. Main opportunities and challenges

This synthesis report has been finalised at the time when a new European Commission took office, with a clear mandate to develop a European Action Plan for Social Economy to enhance social innovation. This political recognition will surely represent an opportunity for furthering the development of social enterprises and their ecosystems.

Support measures in the form of non-repayable and repayable finance specifically addressing the social economy and social enterprises are already foreseen by Commission in its proposals for the next generation of European funds, in particular the European Social Fund Plus and the InvestEU Fund. In addition, the ESF+ proposal places a particular emphasis on social innovation, an opportunity that can be harnessed in order to scale innovative solutions to societal challenges, solutions that are often proposed by social enterprises. Finally, there are other key priorities of the new Commission, in relation to digital transformations and the transition to a clean and circular economy. Social enterprises can strengthen their role as enablers of a just transition in these areas.

The following sections elaborate on the opportunities and challenges identified in the national reports.

5.2.1. Capacity to self-organise

In many EU Member States, a propensity has grown amongst the population for civic engagement. In Germany, for instance, such engagement has grown by 10% overall in the last 15 years. Interestingly, this revamped wave of volunteering is nourishing the creation of new social enterprises in many EU countries. Growing ecological awareness and idealistic interest in achieving social goals has particularly increased among youth (in Austria, Estonia, Latvia, Luxembourg, Portugal, Turkey and United Kingdom). Based on several country reports, youth values tend to differ from those of previous generations: youth are more oriented towards the general public benefit, seek jobs that are meaningful, think more about how to exploit resources efficiently (including new available technologies), and are often ready to work towards social goals at lower remuneration. New generations are reinventing ways of working in the social, cultural and environmental sectors, thirst for innovative and creative solutions and seek jobs that are congruent with the ethics, values and contribution of social enterprise.

Two recent crises have acted as drivers for reviewing civic and solidarity values: the 2008 economic and financial crisis and the 2015 refugee crisis.

Some individuals significantly changed their value system after the economic crisis of 2008 and increasingly understood the importance of cooperation in creating better conditions for the environment and society. In Greece, Portugal and Slovenia, the economic crisis has contributed to the emergence of movements advocating new ways of organising the economy, which have paved the way for the experimentation of alternative forms of social and economic organisation.

At the same time, austerity and difficulties in financing public services have contributed to triggering creativity around more cost-effective ways to offer support that rely significantly on the contributions of volunteers and the community (e.g., Italy, United Kingdom). Moreover, the outsourcing of public services in response to the need to reduce public expenses and make the supply more flexible, while attracting big corporations that see outsourcing as a business opportunity, has also pushed social enterprises to group together to form new advocacy structures to defend their interests in the provision of social services (e.g., Austria, France, Italy, Spain).

A recent example of community mobilisation is provided by the refugee crisis: without the many social enterprises that reacted actively, shelter and food would not have been delivered to the many people seeking asylum in Europe in 2015-2016 and innovative social and integration paths would not have been experimented with. Integrating migrants presents both a challenge and an opportunity in many EU Member States, particularly in Germany, Sweden, Italy, Austria, France and Luxembourg. Indeed, besides creating new needs, immigration also contributes to a trend of creation of new social enterprises that are inclined to experiment with new housing patterns and integration

pathways and are struggling to change the mind-set of local populations (e.g., France, Italy, Luxembourg).

The capacity of social enterprises to self-organise and set up networks has proved crucial for social enterprise expansion and the success of both nascent and existing social enterprises. Growth in organisations designed to enhance cooperation has been registered in several countries, including Austria, Croatia, Estonia, Greece, and Latvia, where new incubators and accelerators have been created to support social enterprise development and enhance their visibility. Thanks to the rediscovery of the values of cooperation, cooperatives have become aware of their capacity to solve social problems and are now being revitalised with a stronger solidarity connotation in countries in which they had been neglected for a long time (e.g., Bulgaria, Czech Republic, Greece, Hungary, North Macedonia, Serbia).

Networks have also played a role in safeguarding the social enterprise against opportunistic organisations that may be attracted by the popularity of the concept. This is the case, for instance, in the Netherlands, where Social Enterprise NL is currently testing the feasibility of a code of governance for social enterprises that is meant to present valuable signals to stakeholders regarding whether an enterprise can be considered a social enterprise.

The capacity of citizens to self-organise is, however, still far from being fully harnessed in more than a few countries. Lack of cooperation and networking between social enterprises are regarded by many stakeholders consulted for this study as important obstacles to social enterprise development. Networks are described as rather weak in Slovenia and Romania owing to lower levels of cooperation among social enterprises and the insufficient availability of training incubators, coaching and consulting. Similarly, in Cyprus, Malta, Poland, Slovakia and Slovenia, there are poor intermediary structures and very few or no regional networks are operative. Nevertheless, there is a shared view among stakeholders that new opportunities can result from cooperation among different types of organisations. Several existing good practices of regional centres and clusters facilitating the development of social enterprises (e.g., SINEC in the Moravian-Silesian region of the Czech Republic) and multi-sector second-level organisations (Austria) call for more systemic support of regional activities and cooperation among social enterprises, which would contribute significantly to social enterprise growth at the local level because of familiarity with particular contexts and the possibility of sharing experience informally.

5.2.2. Social enterprise visibility and recognition

While social enterprises are progressively gaining more visibility, there is still limited information, low awareness and little knowledge about social enterprises amongst the general public (e.g., Cyprus, Czech Republic, Finland, Hungary, Luxembourg, Romania, Slovakia, Slovenia). Public awareness of social enterprise is nevertheless growing in several countries. One example is provided by the United Kingdom, where awareness is increasing, particularly amongst the younger population, thanks to the success of educational programmes (Scotland) and *ad hoc* programmes and campaigns such as SEUK's Buy Social, aimed at building awareness of social enterprise as credible business in an open market.

The growth in the recognition of social enterprise through the adoption of *ad hoc* strategies and new legislation corroborates that there is rising policy interest in social enterprise. Noteworthy is that a growing number of countries are in the process of adopting new legislation to regulate social enterprise (i.e., Albania, Cyprus, Czech Republic, Malta, North Macedonia, Poland, Serbia).

Nevertheless, in many cases recognition has yet to be followed by the adoption of adequate policies and by the shaping of an enabling and comprehensive ecosystem in most EU Member States.

The transversal reading of country reports sheds light, on the one hand, on the limited administrative and policy capacity of policymakers and public authorities to design and implement targeted policy measures for social enterprises. The limited capacity to seize social enterprise specificity has led to the adoption of regulations that often fail to harness the potential of social enterprises. On the other hand, country reports also highlight the key role played by national governments showing strong commitment to supporting social enterprises only in a particular and often brief historical phase (e.g., Croatia, Denmark, Greece, Romania).

After an initial lively debate accompanying the adoption of new laws and policy strategies, the social enterprise seems to have lost momentum in a number of countries (e.g., Belgium, Croatia, Cyprus, Denmark, Romania). In Croatia, many stakeholders hoped that the adoption of the 2015 strategy would pave the way for the creation of a supportive environment. So far the strategy has not been fully implemented and some stakeholders feel that this situation may open the door for an increase in opportunistic initiatives.

High expectations for announced strategies and/or draft acts have so far also been disappointed in Albania, Malta, Cyprus, Poland and Serbia owing to delays in their final approval and implementation.

Policies and legal recognition have been in general beneficial in cases in which the following conditions are met: social enterprises have remained a priority in the policy agenda, the new strategies and legal acts have provided for a general acknowledgment of diversity without imposing overly restrictive constraints, and the social enterprise community has been actively engaged in the legislative and policy-building process (e.g., Italy, Scotland).

Advantages associated with *ad hoc* legislation include the reduced risk that the concept will be misused by conventional enterprises, the improved possibility of implementing targeted support policies, and the enhancement of a common identity. The clear identification of what a social enterprise is thanks to *ad hoc* legislation would also put public officers in the condition to more effectively enforce public procurement legislation without being accused of favouritism or corruption. Conversely, advantages of not having specific legislation include greater space left for a broader range of social enterprise types and the lack of constraints on the fields of activity in which eligible organisations may be entitled to perform. To understand whether the advantages of introducing *ad hoc* legislation outweigh disadvantages and whether *ad hoc* legislation is needed, contextual characteristics of individual countries ought to be taken into consideration. Contextual conditions, such as the presence of a strong and well-structured non-profit or cooperative sector and/or the predominance of a conception of entrepreneurship that is strongly inspired by social responsibility, explain why *ad hoc* legislation might not be essential to improve the environment in which social enterprises operate in specific countries (e.g., Austria, Germany, the Netherlands).

That said, most *ad hoc* legislation on social enterprise still lacks coherence and a comprehensive vision in most of the countries studied. This situation often leads to very general, inconsistent and hence only partially effective fiscal treatments that fail to acknowledge the social responsibility taken on by social enterprises.

Tight constraints and strict sanctions and penalties have been introduced to discourage the misuse of social enterprise statuses, especially in countries where there is a high perception of corruption. This is the case for the WISE status in several CEE countries (e.g., Bulgaria, Lithuania). The Bulgarian report mentions the unlawful practice of registering companies as specialised enterprises for people with disabilities, which may be used by so-called public contracts. Similarly, the Lithuanian report refers to widespread conditions for corruption.

Regarding countries with no specific legislation but also neither legislative nor regulatory rules specifically hindering the development of social enterprises, the circumstance that existing laws do not consider the characteristics of social enterprise can be regarded as an indirect practical barrier to the development of social enterprise (e.g., Austria, Cyprus, Ireland, Malta).

For instance, the definition of the public benefit by law leaves a great deal of space for interpretation in Austria, leaving the power of decision on the status to the tax authority, which can deprive the organisation of its public benefit status, thus causing financial problems to the organisation that has to repay the tax relief.

In some countries, several organisations, including social enterprises and their networks, have built labels, sometimes with a sectorial focus (e.g., work integration), to strengthen their identity. This trend has occurred especially where new legal forms have not been fully effective (e.g., Finland) and where no specific legislation is in place (Austria, the Netherlands).

In most countries, however, the structural diversity of the non-profit/third sector and social enterprise landscape still acts as a barrier to creating a cohesive social enterprise movement. Fragmentation hampers the capacity of social enterprises to speak with one voice and lobby effectively for policy reforms benefitting all types of social enterprises (e.g., Austria, Belgium, Bulgaria, Cyprus, Denmark, Germany, Luxembourg, Malta).

5.2.3. Access to resources

Access to resources is a topical theme that is often misinterpreted in policy and public debates. Indeed, debates often highlight the lack of resources available to social enterprises, but they rarely specify for what uses resources are needed.

While reporting a slow albeit selective improvement, consulted stakeholders in all countries mapped confirmed the absence of a comprehensive support programme for the creation of new social enterprises. They highlighted the predominance of short- rather than long-term strategies that would allow for more effective planning. In general, support schemes work better where effective systems and institutions designed to support entrepreneurship are already in place (e.g., Austria, France, Germany, the Netherlands, United Kingdom). Also noteworthy are the increasingly widespread support initiatives that are promoted by private entities, particularly foundations and umbrella organisations representing social enterprises (e.g., grants, incentives, incubators, etc.).

A major enabling factor supporting new social enterprise development has come with the trigger effect of EU policies and funding. According to stakeholders, available funds are, however, not fully exploited. This is due to the lack of capacity, especially of small social enterprises, which are unable to cope with the complex administrative procedures. Critics also underline the low project evaluation capacity of public administrations (e.g., Croatia, Romania, Slovenia). Which ministry is in charge of managing funding schemes and EU structural funds addressed to social enterprises also influences the development of the sector (e.g., employment in CEE countries).

Moreover, in countries with well-defined programmes for start-ups, resources aimed at supporting stable activities of social enterprises are often lacking altogether, according to many stakeholders.

In terms of income-generating activities, their consolidation is the key condition for social enterprise development in all countries mapped. Since the source of income-generating activities is very often public, the relations entertained by social enterprises with the public sector are essential. However, public interaction modalities allowing for the generation of incomes by social enterprises are rather diversified. These include forms of public service partnerships that range from crude forms of competitive tendering to innovative approaches such as contracted co-design²⁶ (e.g., Bulgaria, Italy, Malta, United Kingdom), income-generating activities resulting from new public financing methods, such as vouchers and personal budgets (e.g., Germany), and public procurement as regulated by the EU public procurement rules (2014/24/EU).

Public sector commissioning and procurement policy creates opportunities for social enterprises to offer new approaches to public service delivery. Indeed, they encourage the evaluation of bids on the basis of the best price/quality ratio. Nevertheless, in a number of countries public authorities still prefer to deliver the majority of welfare services themselves (e.g., Bulgaria, Lithuania, Slovenia). This is partially due to the fact that neither public authorities nor social enterprises are adequately prepared to manage tenders for contracting social and general interest services. Among other problems, burdensome requirements and the trend towards fewer and larger contracts tend to jeopardise social innovation and to severely penalise small social enterprises (e.g., Czech Republic, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Poland, Sweden, United Kingdom). Despite being strongly hampered by the EU directive, there is also a tendency to continue to make recourse to the lowest price criterion in most tenders, simply because it is the easiest aspect to assess (e.g., Czech Republic, Estonia, Finland, the Netherlands, Poland).

Opportunities for social enterprises exist, however, in the possibility of capitalising on new social clauses in public procurement and favouring reserved contracts. How to facilitate access to public markets and help negotiate this process is nevertheless still an open question in most countries. A good example is provided by the French case, where the profile of the “social clause facilitator” has been introduced, a consultant that is expected to help public administrations to design calls for tenders that allow for the participation of social enterprises.

(26) A good example of a recent trend comes from Quebec, where the common practice is to have multi-stakeholder consortia of social enterprises and public administrations. In this framework, the community stakeholders take the initiative to discuss, negotiate and decide what community needs should be subject to procurement. It is thus an advanced form of co-production using the flexibility of the procurement procedures.

In addition to public markets, the relevance of private markets has increased significantly in recent years and is expected to grow further. New markets are emerging in education and culture, sport activities, upcycling, recycling, the production of other renewable energy, waste management and social tourism, as well as for trading a wide range of products that are distinguished by a social added value.

Consultations with stakeholders confirm that the demand for repayable resources is still not very high in most countries. On the supply side, the banking sector is able to meet the demand for repayable resources in those countries in which social enterprises are widely acknowledged and regulated (e.g., Italy and the United Kingdom) while new suppliers are progressively emerging. This said, the main problem is that repayable resources are mostly shaped according to a traditional investment rationale expecting high and short-term returns that social enterprises are unable to ensure. There is also another issue worth underlining. There is no evidence that conventional financial institutions are ready to invest in social enterprises in some countries (e.g., Estonia, Malta, Portugal, non-EU countries), and, at the same time, social enterprises are not yet “investor-ready” in most countries mapped.

The United Kingdom is in this respect a case in point. Against an alleged gap in finance, the policy response has been to increase the availability of debt finance, including the institution of Big Society Capital. This response has been criticised by stakeholders for two main reasons. First, social investment has been detrimental for capacity-building support and, second, it is not the most convenient means of raising capital, given the availability of debt finance supplied by traditional banking institutions at less expensive rates.

In light of this, the main challenge seems to be to make a complex and broad spectrum of financial tools—drawing on grants, loans, and consulting modules—available to social enterprises that are tailored to their diverse needs in the different phases of their life cycles (e.g., Croatia, Czech Republic, Ireland, Lithuania, United Kingdom). Against this background, particularly interesting are crowdfunding initiatives, including equity crowdfunding and funding from venture philanthropy, that have been supported by EU initiatives, especially in the frame of the EaSI programme. Additional funding opportunities were highlighted by stakeholders such as capital from community shares to provide long-term “patient capital” allowing for investment in infrastructure.

5.2.4. Research, education and skills development

While under-researched for quite some time, social enterprise has attracted the interest of a large number of researchers. Several universities now offer courses on social enterprise, social entrepreneurship and social innovation, and various EU-funded investigations have been carried out. Nevertheless, systematic data collection on social enterprises is still lacking at both Member State and EU levels.

The lack of data makes it more difficult for policymakers and other stakeholders to make decisions aimed at contributing to societal challenges via supporting social entrepreneurship.

All country analyses report a lack of internal capacities as one of the main barriers to social enterprise development. While social enterprises that developed from community groups tend to lack business and investment skills and have poor capacities for developing financial plans or promoting their products and services on the market, on the other end of the spectrum, social enterprises coming from the business sector tend to neglect social aspects.

Stakeholders are, however, divided in their perceptions on the lack of skills of social entrepreneurs. Some believe that social enterprises should be formed and based on the principles of social economy, with a clear distinction from the business sector. Others believe that the origin of many social enterprises, coming from the associative sector, poses a challenge for their sustainability and successful development due to their lack of entrepreneurial orientation.

In both cases, the poor or incipient skills of social entrepreneurs can adversely affect their competitiveness and capacity to generate beneficial impacts.

Gaps in knowledge have accelerated the development of new kinds of *ad hoc* collaborations between social enterprises and private sector circles (e.g., Denmark). However, rather than pushing social enterprises to mimic regular companies, the key challenge seems to be to strengthen new entrepreneurial thinking, building on balanced competencies across a range of functions, from business skills to a broader awareness of the organisation's social purpose and inclusive governance. Against this background, tailored programmes, coaching and mentoring are needed that develop greater competencies in business development and strategy, methodology development, impact assessment and management of a diverse array of stakeholders, including customers, workers and volunteers (e.g., Ireland, Sweden). Furthermore, while professionalisation is rising in some countries (e.g., Austria), capacities need to be built on how to stimulate bottom-up development processes drawing on local communities that can lead to the creation of new social enterprises both in urban and remote areas (e.g., Austria, Bulgaria, Greece, Hungary, Latvia, Lithuania, Slovakia).

There is also an urgent need for capacity building and knowledge sharing among civil servants and bank officials, who may not always understand the unique characteristics and needs of social enterprises, leading to inappropriate decisions and onerous collateral requirements. Improving knowledge in the public sector and educating public officials, especially on how laws should be implemented, could allow for a better understanding of social enterprises' potential as well as their limitations, especially concerning the management of public tenders (e.g., Cyprus, Czech Republic, the Netherlands, Romania,

Sweden, United Kingdom). Indeed, there is a general tendency amongst national and local authorities to interpret transposed EU rules (i.e., Directive on public procurement) in a very restrictive way, which ends up penalising social enterprises.

5.3. Closing remarks

The social enterprise is an increasingly widespread phenomenon with great potential, which is still far from being fully harnessed. Social enterprises have a significant impact on income, employment and welfare, especially in those countries where they enjoy a longstanding history and have been largely acknowledged, both politically and legally.

As highlighted by the country reports, social enterprise is not a completely new trend. Rather than deriving from business models as it does in the United States, in Europe and bordering countries social enterprise stems mainly from organisational models and values that have strong roots in European societies, including solidarity, self-help, participation, and inclusive and sustainable growth. As such, the social enterprise mainly results from a collective dynamic, and it is a collective entrepreneurial model.

The potential of the social enterprise results from its peculiar features: thus, the definition of social enterprise is far from being “neutral” and has important implications for policy.

That said, as highlighted by this mapping study, under the common umbrella of the SBI operational definition, country variations are significantly high in terms of backgrounds, historical and cultural traditions, size and diffusion of social enterprises, activities performed, as well as legal and policy solutions designed to improve the environments in which they operate.

Based on the transversal reading of the country reports, the extent to which an ecosystem is enabling depends strongly on the degree of development of each component and on how the various components interact with each another. The adoption of just an *ad hoc* national or municipal policy framework, a register or legislation designed specifically for social enterprises are neither sufficient nor necessary conditions for creating a conducive environment. Most EU Member States are distinguished by rather unbalanced ecosystems, overemphasising one component and underemphasising others. In most instances, this implies the neglect of capacity building, networking and cooperation among social enterprises. In terms of available resources, country reports corroborate that ensuring access only to repayable resources, demand for which is, by the way, still limited, is not sufficient. A comprehensive ecosystem ought to also improve public procurement practices and encourage stabilisation of income-generating resources.

Moreover, as the most enabling country examples show, a well-balanced ecosystem should ensure policy continuity and political commitment to supporting a relatively well-resourced and integrated infrastructure drawing on a variety of types of support, including the use of social enterprise champions, mentoring, grants to help social enterprise enter into new contracts while keeping their social value focus, and support for ethical chains as well as conventional support to all growing businesses.

Provided that the role and potential of the social enterprise is adequately understood, the main challenge seems to be to avoid silo working and to reinforce bridging among different sectors and policy areas that are relevant to social enterprises.



6

APPENDICES

Appendix 1. Methodological note

Box A below provides a brief overview of the study, outlining key information such as study objectives, actors involved, methodology and deliverables.

Box A. The study in brief: key information

Main areas	Area description
Objectives	<p>Task 1: Update the country reports (CR) published as a result of the original mapping study</p> <p>Task 2: Produce short baseline country fiches (CF) for seven non-EU countries (Albania, Iceland, Montenegro, North Macedonia, Norway, Serbia and Turkey)</p> <p>Task 3: Produce a synthesis report on social enterprises and their ecosystems in Europe, drawing from the updated country reports</p> <p>Functional to the above-mentioned objectives are the organisation of one methodological and organisational meeting, six coordination meetings (Task 4) and a synthesis seminar (Task 5)</p>
Actors involved	<p>Contracting authority: DG for Employment, Social Affairs and Inclusion</p> <p>Coordination team in charge of the project implementation: (i) Euricse in charge of the overall project coordination and management as well as scientific supervision; (ii) EMES in charge of the stakeholders' engagement at national and EU level, the organisation of coordination meetings and synthesis seminar and of language editing and graphic design of the deliverables</p> <p>National researchers (NR) in charge of updating the reports</p> <p>Regional coordinators contributing to the design of the methodology and the quality control system</p> <p>Advisory board members in charge of providing external scientific supervision, advising on methodological issues, contributing to the quality control system</p> <p>Technical experts in charge of providing technical advice on specific issues (e.g., estimations and data scouting exercise, analysis of the fiscal and public procurement frameworks)</p> <p>External stakeholders engaged at national and EU level with a view to enriching the research findings</p>
Methodology	<p>Literature review (including large international research projects; grey literature; policy reports and unpublished studies delivered at national level; research and analyses conducted by networks, umbrella organisations and independent researchers; conference proceedings of workshops, seminars and conferences)</p> <p>Analysis of the SE ecosystems, which are shaped by the interplay among various elements that build on two main pillars: (i) the public policies that recognise, regulate and support SEs, with a view to enhancing their multiplication; and (ii) citizens' ability to self-organise, which drives the upsurge and development of SEs from the bottom up</p> <p>Exploratory case study analysis and/or boxes</p> <p>Participatory methodology: stakeholders' engagement at national and EU level</p>
Deliverables	<p>28 updated country reports⁽¹⁹⁾</p> <p>7 short baseline country fiches</p> <p>1 synthesis report</p>

An exhaustive set of conceptual and operational guidelines was drafted and shared with all actors involved in the study to provide conceptual clarifications meant to help national researchers position the social enterprise vis-à-vis broader concepts (e.g., social economy, social and solidarity economy and the third sector), bordering concepts (e.g., social entrepreneurship and social entrepreneur) and related concepts that refer to different phenomena (e.g., corporate social responsibility and social innovation). The guidelines were also aimed at providing guidance for the performance of the envisaged tasks (e.g., workflow and timeline, actors involved, roles and responsibilities, etc.) and were completed with a kit of operational/technical tools developed to provide national researchers with concrete instructions on how to complete given sections of the country reports and baseline country fiches.

Box B. List of operational/technical tools

- > EU operational definition of social enterprise
- > Annotated outline for country reports/country fiches
- > Extended glossary
- > Technical guidelines for fiscal framework analysis
- > Technical guidelines for data analysis and estimations
- > Technical guidelines for public procurement framework analysis
- > Guidelines for exploratory case study analysis
- > Box guidelines and template
- > Editorial guidelines
- > Guidelines for the national stakeholders' engagement, including:
 - > questionnaire delivery protocol
 - > stakeholder meeting protocol
 - > stakeholders' engagement report templates
- > European and international comparative research projects profiling exercise

Box C. Outline of the country reports

- 1. Background: Social enterprise roots and drivers**
- 2. Concept, legal evolution and fiscal framework**
 1. Defining social enterprise borders
 2. Legal evolution
 3. Fiscal framework
- 3. Mapping**
 1. Measuring social enterprises
 2. Social enterprise characteristics
- 4. Ecosystem²⁷**
 1. Key actors
 2. Policy schemes and support measures for social enterprises
 3. Public procurement framework
 4. Networks and mutual support mechanisms
 5. Research, education and skills development
 6. Financing
- 5. Perspectives**
 1. Overview of the social enterprise debate at national level
 2. Constraining factors and opportunities
 3. Trends and future challenges
- 6. Appendices**
 1. EU operational definition of social enterprise
 2. Data availability report
 3. Exploratory case studies/boxes
 4. Reference list
 5. List of stakeholders engaged at national level

(27) Instead of a detailed analysis of the ecosystem, the outline of baseline country fiches included a section on the “Social enterprise policy framework”.

A two-step quality control system was envisaged in the process of updating the country reports. The first step, namely the **pre-review quality assessment**, was aimed at assessing the revision needs of the country reports delivered in 2014 and identifying possible pitfalls and shortcomings. To this end, national researchers have focussed on their quality and reliability, whereas the EU coordinators have concentrated on the assessment of the methodological approach as well as the conceptual coherence. An *ad hoc* evaluation grid was developed and used for the purpose. The second step, namely, the **in-progress quality assessment**, was aimed at monitoring the revision process by making sure that the methodological approach was properly implemented and that stakeholders were actively engaged in the revision. Box D below illustrates the structure of the in-progress quality control system.

Box D. In-progress quality control system for country reports²⁸

Stakeholder in charge	Tasks	Tools/procedures
Coordination team	<ul style="list-style-type: none"> > Check conceptual coherence and overall consistency of CRs > Monitor the stakeholders' engagement process > Check representativeness of stakeholders > Make sure that stakeholders' engagement outcomes are properly incorporated > Check accuracy and completeness of data > Language quality check and editing 	<ul style="list-style-type: none"> > Comments with track changes in the CR > Conceptual and operational guidelines > Operational/technical tools
Regional coordinators	<ul style="list-style-type: none"> > Check completeness of the CR based on the annotated outline > Guide NRs in their data scouting and estimation exercise 	<ul style="list-style-type: none"> > Comments with track changes in the CR > Conceptual and operational guidelines > Operational/technical tools
National researchers	<ul style="list-style-type: none"> > Revise the reports according to the feedback and comments provided by the actors involved in the quality control system 	–

(28) A similar quality control system was adopted for the delivery of the baseline country fiches.

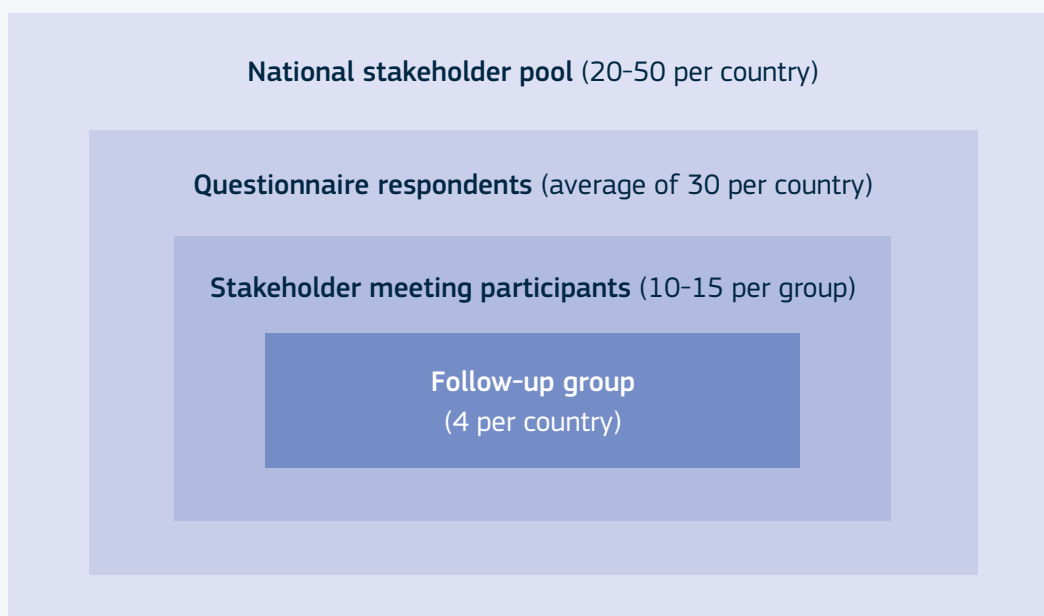
Stakeholder in charge	Tasks	Tools/procedures
Advisory board	<ul style="list-style-type: none"> > Provide inputs on methodology > Make sure that recent literature/research findings on SE are properly referred to > Make sure that CRs satisfy publishable standards and connection with other projects are properly made > Provide critical comments from different angles > Provide suggestions with a view to improving the quality of the CRs 	<ul style="list-style-type: none"> > Minutes of methodological and organisational meeting > Comments with track changes in the CR > Overall evaluation (min. 500 words)
Internal and external experts	<ul style="list-style-type: none"> > Provide <i>ad hoc</i> technical support. 	<ul style="list-style-type: none"> > When needed, written <i>ad hoc</i> consultancy.

A **participatory dimension** has been incorporated into the research through the engagement of relevant national stakeholders with the primary aim of enriching the research through the gathering of their perceptions about social enterprise in the countries targeted by the study.²⁹ Their engagement also contributed to raising awareness and feeding the debate on the social enterprise phenomenon at national level and to finding allies for the dissemination of the study deliverables and research findings.

The national stakeholders' engagement followed a structured approach that ensured sustained, diverse and committed participation from stakeholders throughout the process. Moreover, a set of operational tools (see box B above) was designed to stimulate and facilitate their active engagement that has mainly drawn on the administration of questionnaires and the organisation of stakeholder meetings. The stakeholders' engagement strategy reflected a "matrioshka" structure that is illustrated in box E below, which visually captures how stakeholders have been associated to the various tools designed to contribute to the study. The workflow for the implementation of the strategy envisaged a set of actions grouped under four steps: (i) invitation and activation, (ii) questionnaire testing, delivery and analysis; (iii) stakeholders' meeting organisation and analysis; and (iv) reporting.

(29) These include practitioners, policymakers, representatives of umbrella organisations, networks, finance providers and other support organisations, scholars and experts.

Box E. Stakeholders' engagement strategy



A synthesis seminar was conducted with a view to engaging EU-level stakeholders. It gathered the main actors involved in the study, including national researchers, the EU coordination team, regional coordinators, the members of the scientific advisory board, and EU-level stakeholders, notably representatives of relevant EU networks and the European Commission, and international organisations. The seminar enabled the researchers to test and enrich the main preliminary conclusions of the study and contributed to feeding the present synthesis report with critical insights.

Appendix 2. The EU operational definition of social enterprise

The following table represents an attempt to operationalise the definition of “social enterprises” based on the Social Business Initiative (SBI) promoted by the European Commission.³⁰

Main dimension	General definition	Relevant Indicators (<i>not exhaustive list</i>) (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Entrepreneurial/ economic dimension	Social enterprises (SEs) are engaged in the carrying out of stable and continuous economic activities, and hence show the typical characteristics that are shared by all enterprises .	<ul style="list-style-type: none"> > Whether the organisation is or is not incorporated (it is included in specific registers). > Whether the organisation is or is not autonomous (it is or is not controlled by public authorities or other for-profit/non-profits) and the degree of such autonomy (total or partial). > Whether members/owners contribute with risk capital (how much) and whether the enterprise relies on paid workers. > Whether there is an established procedure in case of SE bankruptcy. > Incidence of income generated by private demand, public contracting and grants (incidence over total sources of income). > Whether and to what extent SEs contribute to delivering new products and/or services that are not delivered by any other provider. > Whether and to what extent SEs contribute to developing new processes for producing or delivering products and/or services. 	SEs must be market-oriented (incidence of trading should be ideally above 25%).	<ul style="list-style-type: none"> > We suggest that attention is paid to the development dynamic of SEs (i.e., SEs at an embryonic stage of development may rely only on volunteers and mainly on grants).

(30) In accordance with Articles 48, 81 and 82 of the Treaty, as interpreted by the Court of Justice of the European Communities, “**an enterprise should be considered to be any entity, regardless of its legal form, engaged in economic activities, including in particular entities engaged in a craft activity and other activities on an individual or family basis, partnerships or associations regularly engaged in economic activities.**”

Main dimension	General definition	Relevant Indicators (<i>not exhaustive list</i>) (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Social dimension (social aim)	<p>The social dimension is defined by the aim and/or products delivered.</p> <p>Aim: SEs pursue the explicit social aim of serving the community or a specific group of people that shares a specific need. "Social" shall be intended in a broad sense so as to include the provision of cultural, health, educational and environmental services. By promoting the general-interest, SEs overcome the traditional owner-orientation that typically distinguishes traditional cooperatives.</p> <p>Product: when not specifically aimed at facilitating social and work integration of disadvantaged people, SEs must deliver goods/services that have a social connotation.</p>	<ul style="list-style-type: none"> > Whether the explicit social aim is defined at statutory/legal level or voluntarily by the SE's members. > Whether the product/activity carried out by the SE is aimed at promoting the substantial recognition of rights enshrined in the national legislation/ constitutions. > Whether SE's action has induced changes in legislation. > Whether the product delivered—while not contributing to fulfilling fundamental rights—contributes to improving societal wellbeing. 	<p>Primacy of social aim must be clearly established by national legislations, by the statutes of SEs or other relevant documents.</p>	<ul style="list-style-type: none"> > The goods/services to be supplied may include social and community services, services for the poor, environmental services up to public utilities depending on the specific needs emerging at the local level. > In EU-15 countries (especially in Italy, France and the UK) SEs have been traditionally engaged in the provision of welfare services; in new Member States, SEs have proved to play a key role in the provision of a much wider set of general-interest services (e.g., from educational services to the supply of water). > What is conceived to be of a meritorial/general-interest nature depends on contextual specificities. Each national expert should provide a definition of what "public benefit" means in her/his country.

Main dimension	General definition	Relevant Indicators (<i>not exhaustive list</i>) (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Inclusive governance-ownership dimension (social means)	<p>To identify needs and involve the stakeholders concerned in designing adequate solutions, SEs require specific ownership structures and governance models that are meant to enhance to various extents the participation of stakeholders affected by the enterprise. SEs explicitly limit the distribution of profits and have an asset lock. The non-profit distribution constraint is meant to ensure that the general-interest is safeguarded. The non-profit distribution constraint can be operationalized in different ways.</p>	<ul style="list-style-type: none"> > Whether SEs are open to the participation and/or involvement of new stakeholders. > Whether SEs are required by law or do adopt (in practice) decision-making processes that allow for a well-balanced representation of the various interests at play (if yes, through formal membership or informal channels that give voice to users and workers in special committees). > Whether a multi-stakeholder ownership structure is imposed by law (e.g., France). > Whether SEs are required to adopt social accounting procedures by law or they do it in practice without being obliged to. > Degree of social embeddedness (awareness of the local population of the key societal role played by the SE versus isolation of the SE). > Whether the non-profit distribution constraint is applied to owners or to stakeholders other than owners (workers and users): whether it is short-term (profits cannot/are not distributed or they are capped) or long-term (asset lock); or both short and long-term. > Whether the cap is regulated externally (by law or defined by a regulator) or it is defined by the SE by-laws. > Whether limitations to workers' and/or managers' remunerations are also imposed (avoid indirect distribution of profits). 	<p>SEs must ensure that the interests of relevant stakeholders are duly represented in the decision-making processes implemented.</p>	<ul style="list-style-type: none"> > Ownership rights and control power can be assigned to one single category of stakeholders (users, workers or donors) or to more than one category at a time—hence giving ground to a multi-stakeholder ownership asset. > SE can be the result of collective dynamics or be created by a charismatic leader (in principle a sole owner is admitted by some national legislations provided that the participation of stakeholders is enhanced through inclusive governance) or public agency. > Different combinations concerning limitations to profit distribution envisaged (e.g., most successful solution: capped dividends supported by total asset lock such as Italian social coops, CIC, SCICs).

Appendix 3. Extended glossary

Asset lock

An asset lock is a mandatory and irreversible legal or constitutional mechanism, which ensures that surplus income, capital, profits or other property is not distributed to any organisation's members, shareholders or persons. It prevents the assets of an organisation from being used for private gain rather than for the social mission of the organisation, both during the life of the organisation and in case of its dissolution or sale.

Association

A legal form that is broadly characterised by the following features: a group of individuals/organisations organised on the basis of a written agreement to further a shared purpose; it can be established to further a range of social purposes; profits are used for purposes stated in governing document and are not distributed. The possibility that associations carry out entrepreneurial activities is not acknowledged in all countries.

Contract

An agreement to deliver specific quantity and quality of products or services as specified by the buyer, often based on a competitive tendering process.

Conventional enterprise

Any entity that strives for profit, although not being necessarily aimed at maximizing it. It can be engaged in any economic activity and may be structured in different ways as per corporate law: sole proprietorship, partnership, and corporation. Liability in some types of conventional enterprises (the smaller ones) is assumed by the owners; it can either be limited or unlimited depending on the type. In advanced economies, the specific rules regulating conventional enterprises are rather similar and vary only to a limited extent.

Also referred to as “mainstream enterprise” or “traditional enterprise”.

Cooperative

According to the definition of the International Co-operative Alliance of 1995, the term “cooperative” means an “autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise”.

According to the ILO Recommendation 193 of 2002, a cooperative is a legal form that is broadly characterised by the following features:

- > jointly owned and democratically controlled by the people who work in it, trade through it or use its products or services (“members”);
- > can pursue almost any purpose, traditionally subject to the requirement that there should be a common economic, social or cultural need or interest shared by members of the cooperative;
- > can in principle distribute profits to members. However, there can be limitations to the distribution of profits, i.e., notably in those legal systems that have strengthened cooperatives’ social function.

Ecosystem

The term presupposes an integrated approach: it is used to describe the environment within which social enterprises operate. It reflects the fact that social enterprises evolve with and develop relationships with their beneficiaries, lead producers, suppliers, stakeholders, governments, and even competitors.

Foundation

A philanthropic organisation, organised and operated primarily as a permanent collection of endowed funds, the earning of which are used for the benefit of a specific group of people or of the community at large. The main classification is between grant-making foundations and operating foundations. The latter provide social, health, and educational services. A foundation is broadly characterised by the following features: established by one or more “founders”; allocating assets to further a social purpose; it can be established to further a range of social purposes (e.g., philanthropic, artistic, cultural and religious purposes); assets and surpluses can only be used for social purposes stated in the governing document and are not distributed; it is not democratically governed; it is managed by trustees appointed by the founder or by the board.

General interest services

The term refers to the benefit of the public in general or of an unspecified group of beneficiaries. Counterpart is self-interest. General-interest services cover a wide range of activities that have a strong impact on the well-being and quality of life of a society at large. They range from basic infrastructure (e.g., energy and water supply, transportation, postal services, waste management) to key sectors such as health, education and social services.

Grant

A sum of money, awarded *una tantum* that is provided for free by a governmental agency or private organisation. Most grants are provided with a view to funding a

specific project and require some level of compliance and reporting (for a comparison between the terms “grant” and “subsidy”, see footnote³¹).

Legal form

The form under which an organisation is incorporated. The legal form determines how aspects like property rights, liability, governance and control, reporting, profit distribution and funding will affect the organisation.

Legal framework

It refers to the complex set of rules established by one or more legislations that are applicable to a certain legal entity.

Legal status

Qualification provided by law to certain entities meeting given requirements. A legal status is regulated by a national or regional legislation or by a public policy strategy.

Market

The term refers to any exchange that results from a contractual agreement. A market is created whenever potential sellers of goods and services enter into contact with potential buyers and there is a possibility of exchange through a contractual agreement.

Non-profit and Not-for-profit

The most well-known definition is provided by Johns Hopkins University. According to this definition, the sector includes organisations that are: voluntary; formal; private; self-governing; and do not distribute profits. The term “non-profit” refers to organisations that have to comply with a non-distribution constraint. The term “not-for-profit” is more general and refers to the goal pursued (which is other than profit).

Non-profit organisation: an organisation that has a legal form which does not permit the distribution of profit and which is able to trade freely in furtherance of a social purpose. Examples include most foundations, associations and non-profit companies.

(31) Grants and subsidies are both cash-based substantive financial policy tools. Substantive financial tools are used to influence directly some aspects of the production, distribution or delivery of goods and services in society. Through grants and subsidies the government pays companies, organisations or individuals (in our case, social enterprises) to do (or not to do) some (un)desired form of activity. In general, grants cover also some organisational development costs. Other forms of subsidies cover only parts of the cost per unit/beneficiary. Each country has specific legislation for those financial policy tools and the use, combination of those tools in policy design is country specific (considering the level of policy capacity, the availability of resources or other contextual elements). Together with tax or royalty-based financial tools (substantive policy tools through indirect transfers) they represent one of the most extensively used policy design and implementation instruments.

Private mark

It is a symbol attached to certain organisations or products for giving information about the values, features and/or code of governance shared. Private marks are regulated by private entities normally for self-identification purposes with a view to presenting clear signals to stakeholders. The use of private marks is normally authorized after a more or less in-depth screening and is subject to periodic checks.

Profit

The residual return to the entrepreneur, i.e., the difference between total sales revenue and total costs incurred by the enterprise.

Public procurement

The process of purchasing supplies and services by public authorities, typically via tendering or auctioning. Public procurement is a key element, which has and will most probably stimulate the growth in number and size of social enterprises. The EU public procurement rules (2014/24/EU) which came into force in 2014 are in this respect of paramount importance. Indeed, they encourage the evaluation of bids, in particular those concerning social and health services, on the basis of the best price-quality ratio, which can create new opportunities to social enterprises. Additional opportunities offered by the EU directive include the following: reserved tenders for economic operators that work for the social and professional integration of persons with disabilities and disadvantaged people, special regime for social, health and cultural services, more attention to quality in public procurement procedures, and reserved contracts for social and health services. The EU Directive 24/2014 also introduces a number of modalities whereby public administrations can develop a more strategic approach and enter into dialogue and cooperation with potential service-providers, including social enterprises. These include competitive procedures with negotiation, competitive dialogues, innovation partnerships, and informal bidding (article 31, EU Directive 24/2014).

Shareholder

A person or a company who owns shares in a company and therefore receives part of the company's profits and has the right to vote on how the company is managed.

Social economy

The term first appeared in France at the beginning of the 19th century. This approach indicates that the major goal of the belonging organisations is to serve members of the community rather than to seek profit. Moreover, the social economy relies on democratic decision-making processes, which represent a structural procedure to control the actual pursuit of the organisation's goals. Among the organisations belonging to the social economy one can find associations, cooperatives and mutual organisations and, more

recently, also foundations and social enterprises. The Charter of Principles of the Social Economy promoted by the European Standing Conference on Co-operatives, Mutual Societies, Associations and Foundations (CEP-CMAF), the EU-level representative institution for these four forms of social economy organisations, underlines the following defining features of social economy organisations:

- > primacy of the individual and the social objective over capital;
- > voluntary and open membership;
- > democratic control by membership (does not concern foundations as they have no members);
- > combination of the interests of members/users and/or the general interest;
- > defence and application of the principle of solidarity and responsibility;
- > autonomous management and independence from public authorities;
- > most of the surpluses are used in pursuit of sustainable development objectives, services of interest to members or the general interest.

Social investment

The term refers to all the targeted actions aiming to develop an economic environment that enables social enterprises to access finance. Social investment includes financial instruments (i.e., grants, loans, equity and hybrid instruments) that together with other types of support aim to maximize social impact. Traditionally, it involves several actors including supply-side (investors), demand-side (social enterprises), intermediaries and business development support organisations. The term is sometimes used more narrowly in reference to the provision of repayable finance with the aim of generating social impact, alongside an expectation of some financial return (or preservation of capital). More recently, social investment is sometimes used interchangeably with “impact investment” or “impact finance”. The latter terms usually involve investors who seek a blended return based on several criteria (financial, social and environmental) and who tend to focus on financing scaling-up and replication of social enterprises. As for the use within the EC, it usually refers to policies designed to strengthen people’s skills and capacities and support them to participate fully in employment and social life.³² In more recent years, the EC has also been using this term to refer to the provision of repayable finance to social enterprises.

(32) This is the target of the EC Communication “Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020” (<http://ec.europa.eu/social/BlobServlet?docId=9761&langId=en>) which relates to policy areas such as education, quality childcare, healthcare, training, job-search assistance and rehabilitation.

Stakeholder

This term was introduced by Edward Freeman in the 1960s. According to its original meaning, “stakeholders” refers to “those groups without whose support the organisation would cease to exist”. Recently, the significance of stakeholders has become wider and more commonly used to mean a person or an organisation who is somehow involved in the company’s business and has an interest in its success (e.g., employees, customers, shareholders, suppliers, local communities, etc.). The term “multi-stakeholder” refers to the involvement of different stakeholders, representing different interests. A “multi-stakeholder social enterprise” refers to a social enterprise that engages different stakeholders in its governing bodies, i.e., workers, users, volunteers, donors, representatives of the local community, etc.

Subsidy

A sum of money granted by the state or a public body to help an industry or business keep the price of a commodity or service low (for a comparison between the terms “grant” and “subsidy”, see footnote 31).

Surplus

Synonym of profit (i.e., the difference between total sales revenue and total costs incurred by the enterprise) but more commonly used by non-profit organisations uncomfortable using language related to the commercial sector.

Third Sector

This term is mainly used in the scientific literature to overcome the differences between the many national models. It refers to organisations other than the public owned (the “State”) and the private for-profit ones (the “market”). This term emphasises the intermediary nature of the belonging organisations and includes exclusively non-profit organisations. This means that cooperatives are in most countries not included in the Third Sector.

Work integration social enterprise (WISE)

WISEs are a special type of social enterprise that display the following minimum characteristics:

- > private and autonomous enterprises operating on the market;
- > which comply with a minimum threshold of disadvantaged workers over total workforce whose core mission is the integration through work of disadvantaged people;
- > where the disadvantaged workers have employee rights under national labour law.

Statistical definitions

Employed person

http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Persons_employed_-_SBS

Employees

http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Employee_-_SBS

Statistical unit

http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Statistical_unit

Self-employed person

<http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Self-employed>

Turnover

http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Turnover_STS

Appendix 4. Main support measures for starting-up social enterprises

Country	Public grants or subsidies	Support from foundations and other financial institutions	Support to incubators or business innovation centres
AT	Labour cost subsidies for innovative start-ups specifically support labour costs of small and growing enterprises.	Austria federal bank provides a wide range of financial tools and advisory services at all stages of business development.	There is Impact Hub Vienna as incubator.
BE	Public grants are available for start-up SEs e.g., in the context of the Bruxell-ES programme in Brussels or through the Agency for Enterprise and Innovation in Wallonia.	The Degroof Petercam Foundation encourages entrepreneurship and has a few programmes that include elements of social entrepreneurship support, such as the “Brussels Pioneers”, which was founded in 2005 as an incubator.	There is currently no specific SE incubator in Belgium, although several initiatives play an incubation role, such as the Oksigen Lab, which devotes particular attention to start-up SEs.
BG	–	Micro-finance institutions can provide start-up support to SEs. For example, with the support of the National Guarantee Fund, lending is available to start-ups and businesses without credit histories.	–
CY	Grants to existing and starting-up SEs up to 25,000 EUR and, if the SE employs people from vulnerable population groups, an additional grant is provided.	–	–
CZ	–	Existing financial support is inefficient, a broader spectrum of financial tools is missing, start-up investment is lacking.	–
DE	Financial support for the starting up and operation of traditional and new-style SEs is provided through Germany's Development Bank.	Trusts and foundations may sometimes finance the start-up investment needs of new initiatives, and may also provide refundable financing, but this remains rare.	In 2010, a cooperation network between four universities in Munich formed the “Social Entrepreneurship Akademie”, which supports social start-ups through incubation centres and consultations and builds a broad network of stakeholders around social entrepreneurship.
DK	–	–	There has been a surge in social incubators catering to SEs, such as Reach for Change, Social Start-up, Greencubator, etc., which work directly with practitioners to improve SE impact and operation.
EE	–	Enterprise Estonia, a foundation established in 2000, offers a large number of financial instruments (approx. 70) and measures to support start-up companies and quicker growth and expansion of enterprises.	The Social Innovation Incubator was established by the National Foundation for Civil Society and the Good Deed Foundation in 2016. It hosts six to seven enterprises annually, and three of those who pass the programme can receive up to 25,000 EUR per idea.

Country	Public grants or subsidies	Support from foundations and other financial institutions	Support to incubators or business innovation centres
EL	SEs receive no tax or fiscal benefits granted to start-up activities.	–	INNOVATHENS is an incubator that helps to mature innovative business ideas and turn them into start-up businesses.
ES	Support measures depend on policies established by regional governments.	La Caixa Foundation, owned by La Caixa, has several programmes to promote SEs, such as the “La Caixa Social Entrepreneurship Program”.	UEIA Accelerator is a social incubator for technology-based companies formed by a multi-disciplinary and expert team. The founding team of the UEIA is a group of people who are interested in entrepreneurship and social action.
FI	ESIF have played a crucial role in introducing and testing different SEs. Various development measures have been set up, including the development of the regional concept “how to start up cooperative enterprises”.	–	There are several actors incubating and promoting SE education, training and research, such as Helsinki Think Company, Impact Iglu, Slush Global Impact Accelerator, Demos Helsinki, + Impact by Danske and Impactor.
FR	–	<ul style="list-style-type: none"> > Public banks such as BPI and Caisse des dépôts et consignations; > Cooperative banks; > Phitrust, GROUPE SOS Pulse, Investi & investment from employee saving plans; > Local support networks in France (integration of Initiative France, and France Active – ADIE) and solidarity funders (Finansol). 	Some publicly funded schemes specifically target SEs, and all of these have been funded by the European Regional Development Fund or European Social Fund.
HR	–	The Croatian Bank for Reconstruction and Development supports the development of SMEs. They offer various financial instruments (e.g., loans, guarantees, etc.) and cover various types of target groups—women, start-ups, etc.	Three incubators have emerged during the last few years. They were either created particularly for SEs or for all SMEs and start-ups.
HU	–	–	Erste Group, ERSTE Foundation and Erste Bank Hungary manage the SEEDS programme, a 1.5-year incubation programme started in 2017, where the 68 SEs received customised, multi-stage development and professional assistance.

Country	Public grants or subsidies	Support from foundations and other financial institutions	Support to incubators or business innovation centres
IE	Funding and support schemes are mainly from the Department of Rural and Community Development, the Dormant Accounts Fund and Social Innovation Fund Ireland. Schemes include the Community Services Programme, the LEADER Programme and the Social Inclusion and Community Activation Programme. The Social Enterprise Grant Scheme is a “pilot” established by Dublin Inner City Enterprise (ICE) and drawn down under the Local Enterprise Office (LEO), Dublin Local Enterprise Office to provide a number of small grants for start-up or early-development SEs.	–	–
IT	Some regions activated programmes to finance innovative initiatives that may be implemented by SEs in their start-up phase.	Programmes activated by banking and corporate foundations; cooperative mutual funds launched by the three national federations of cooperatives.	SE incubators and accelerators select, fund and provide support to innovative and social/environmental impact-oriented entrepreneurial initiatives during their start-up or development phase.
LT	LEADER is a public initiative that aims at providing funding for SE start-up projects in rural areas for the financing period 2014-2020.	Start-up support is provided on a project basis; there is no micro-credit system. Financing is often not available to SEs.	There are four incubators in the municipalities of Kazlų Rūda, Šiauliai, Telšiai and Ignalina that provide assistance such as economic, financial and business management services.
LU	One source of financial help for investment exists, though it is not specifically addressed to SEs.	The access to finance at the start-up phase (for SIS and other SEs) is limited, and no specific financial help exists to cover the demand for finance at the start-up phase of SEs.	A range of programmes and incubators exist to foster entrepreneurial spirit, to provide advice on business creation and to help business development, such as the initiative by the Ministry together with ULESS.
LV	Various support programmes for new entrepreneurs in Latvia have emerged, such as competitions for start-up capital or business expansion and a grant programme for SEs.	Banks do not seem to provide financing for the start-up of a SEs. Therefore, social entrepreneurs often prefer using their own funds or a grant programme to start-up a SE.	The Investment and Development Agency of Latvia (LIAA) supports new and innovative enterprises in their initial stages of development, promotes the commercialisation of inventions and prepares new and existing enterprises for investment attraction as well as entry and expansion into export markets.
MT	Malta Enterprise is a national economic development agency aimed at attracting new foreign direct investment as well as facilitating the growth of existing operations.	ZAAR is a donation/reward-based crowdfunding platform that aims to support local start-ups and entrepreneurs to raise finance for their projects and business ideas and offers enterprises an alternative form for raising such finances.	The Centre for Entrepreneurship and Business Incubation (CEBI) at the University of Malta hosts TAKEOFF, the first technology business incubator set up in Malta, which supports the creation of successful STEAM.

Country	Public grants or subsidies	Support from foundations and other financial institutions	Support to incubators or business innovation centres
NL	For start-ups, additional starter deductions may be applicable. The self-employed deduction is increased by a start-up allowance of 2,123 EUR in case the applicant was not an entrepreneur in one or more of the previous five calendar years and did not apply more than twice for self-employed allowance during this period.	Triodos Bank provides financing to a vast range of SEs, targeting innovative, socially oriented start-ups, companies in the organic food supply chain, sustainable fashion and labour exclusion as well as organic and sustainable hotels and restaurants.	Recently, new network platforms were established and various competitions, accelerators and incubators have started, such as the impact hubs that function as innovation labs, business incubators and SEs community centres focussed on making a positive impact in the world by connecting enterprises.
PL	Support measures are addressed to employers hiring persons from disadvantaged groups that have problems with (re) entering the labour market and are for this reason assisted by supported employment.	Apart from financial instruments supported by the EU, there are a few instruments that have been developed at the national level such as the Social StartUp (Społeczny StartUp).	–
PT	“Mercado Social de Emprego” promotes work integration of disadvantaged groups. It supported social insertion enterprises with subsidies for their start-up and functioning.	Crowdfunding provides a new source of funding both for starting up and investment. At least two crowdfunding platforms, PPL and Massivemov, have proved relevant.	Incubators help develop projects and organisations of social economy, social entrepreneurship and innovation with the potential to support SEs.
RO	There are several programmes that support enterprise start-up, such as the ESF national Human Capital Operational Programme 2014-2020.	–	NESsT provides an incubator for SEs with a detailed methodology that includes social capital development facilitating social entrepreneurs’ access to professionals from various areas.
SI	–	–	Very few organisations function as incubators or co-working spaces or offer services for SEs as the main target group.
SK	ESIF have played a crucial role in job subsidies for WISEs employees, in the same way that investment support for starting SEs is currently financed via ESIF. Most beneficial conditions in utilising public support are offered to enterprises with the SE status.	Slovak Investment Holding included social economy in its portfolio of key investment priorities. Thanks to this decision, several bank institutions increased their attention to SEs. Among the most active are Slovenská sporiteľňa (Erste Group) and the social bank TISE. Private/corporate foundations occasionally initiate programmes focussed on SEs (either start-ups or well-established).	Despite several initiatives (Impact Hub, Green Foundation, Slovak Business Agency), the role of incubators in supporting the development of SEs is minor.
UK	–	Various providers of financial backing and expertise help support start-ups and already successful enterprises achieve scale (e.g., UnLtd).	School for Social Entrepreneurs, UnLtd, Just Enterprise (Scotland) and other SEs support networks/representatives of SEs.

* Sweden (SE) is not included in the table because the country report does not provide information on this topic.

Appendix 5. Examples of institutions/instruments providing repayable resources for social enterprises

Country	Venture philanthropy capital	Loans by traditional intermediaries and specialised institutions (e.g., ethical banks)	Crowdfunding	Innovative social finance instruments (i.e., impact investing and social impact bonds)
AT	Twelve foundations belong to Sinnstifter, along with two nationwide and internationally operating "big players", Essl Foundation and ERSTE Foundation.	SEs can benefit from loans at reduced interest rates and with lower collateral requirements under the EU-supported programme.	According to an Internet search, there are two crowdfunding platforms in Austria with an explicit social aim: Respekt.net and Crowdfunding for the Common Good.	Economic and social empowerment for women affected by violence is a social impact bond with the aim of offering such women financial independence.
BE	Equity crowdfunding platform LITA.co (https://be.lita.co/en).	Triodos Bank's Belgian branch had EUR 1.5 billion in deposits, EUR 1.1 billion of which were transformed into 2,875 loans in the areas of SEs.	Private grants are also collected through crowdfunding via platforms such as KissKissBankBank and the newly created Oksigen Crowd, now part of Gingo.	The first social impact bond in Belgium was launched in 2014. This new bond brings together actors from the public sector, NPOs and social investors in a quest for a common objective.
BG	–	Piraeus Bank Bulgaria provided loans to SMEs, including SEs.	Cases of innovative forms of funding such as crowdfunding are very rare.	–
CZ	Tilia Impact Ventures is focussed on impact investments in the fields of social innovations and social investments.	In general, conventional banks and investors mostly do not understand the mission and business models of SEs and consider them to be too risky.	To a limited extent, SEs make use of innovative crowdfunding financial instruments.	–
DE	Venture philanthropy funds have not gained sufficient publicity or trust.	Most banks have difficulties financing new-style SEs with more profit-oriented enterprise models.	Crowdfunding has found increasing success, with public (engagiert in NRW, deutschland.de) and private-run web platforms enabling visitors to donate small amounts to showcased social initiatives.	Impact investments and social impact bonds have not gained sufficient publicity or trust. The first social impact bond initiative of continental Europe, Juvat, launched by the Benckiser Foundation "Zukunft", started in 2014.
DK	–	Private foundations and a limited number of alternative banks have specifically targeted SEs.	The Danish Business Authority, under the Ministry of Business and Growth, launched an initiative rewarding SEs with successful crowdfunding campaigns.	–
EE	–	The demand for loans and risk financing is low as there is little knowledge or willingness for risk-taking among SEs.	Crowdfunding platform Hooandja (Kickstarter) has been operating since 2012.	An Estonian project funded by the EaSI Programme tested the feasibility of setting up a social impact bond involving social enterprises in the delivery of services (https://www.heategu.ee/sib-eng).

Country	Venture philanthropy capital	Loans by traditional intermediaries and specialised institutions (e.g., ethical banks)	Crowdfunding	Innovative social finance instruments (i.e., impact investing and social impact bonds)
EL	–	Action Finance Initiative offers micro loans (up to 12,500 EUR) to entrepreneurs, including SEs.	One Up Crowdfunding and Business Coaching Centre is an online crowdfunding platform managed by NGO Praksis.	–
ES	<ul style="list-style-type: none"> > The Creas Foundation encourages the development of venture capital for SEs with a positive social value. The foundation's efforts are focussed on environmental and social projects. > La Bolsa Social is an equity crowdfunding platform established in 2014 that, through collective financing, facilitates investors that can finance companies with a positive social/environmental impact ("crowdimpacting"). 	<ul style="list-style-type: none"> > PPM is a public-private partnership that operates in several sectors in Sevilla, Huelva, Pamplona and Barcelona, offering micro-credit loans without commissions or guarantees. > Fiare Banca Etica, Triodos Bank and Coop57 (specialised cooperative in financial services for social organisations) are growing in financial organisations, taking on more and more relevant projects. 	Goteo is an open-source crowdfunding website and collaborative platform focussed on citizens' initiatives and social, cultural, technological and educational projects.	Despite being an incipient field, impact investments have seen increasing interest in recent years. Currently, Barcelona City Council and the Government of Navarra are studying the feasibility of issuing social impact bonds.
FI	–	In November 2018, the European Investment Fund (EIF) and Finnish bank Oma Säästöpankki Oyj signed the first guarantee agreement for social entrepreneurship in Finland under the EaSI Programme.	There are various ethical crowdfunding initiatives, such as Cooperative Ehta Raha and Mesenaatti.me.	For the moment, the Finnish Innovation Fund Sitra is initiating impact investment and SIBs in Finland. The public sector can use this tool to develop its procurement procedures.
FR	<ul style="list-style-type: none"> > As SEs social enterprises are mostly micro-entities with limited capital requirements, this often makes them minimally attractive to venture capital. > Recent tendencies towards scaling up and mergers. > Equity crowdfunding platform LITA.co (https://be.lita.co/en). 	As part of the "Future Investments Programme", a budget of 100 million EUR has been allocated to fund enterprises of the SSE. The priority goal is to develop existing companies to promote the creation or consolidation of new jobs.	Crowdfunding is likely to play an increasing role in the development of the SSE.	The development of participative or alternative finance outside the traditional financial system is speeding up in the last few years.
HR	<i>Ex ante</i> assessment report "Financial instruments - Employment and social entrepreneurship" proposed development of several financial instruments.	Under the framework of Employment and Social Innovation programme, it was predicted that around 500 SEs would benefit from loans at reduced interest rates.	Crowdfunding became a more frequently used instrument among SEs during the last five years.	The Social Impact Banking programme, which is initially available in Italy, is expected to be developed soon and implemented in Croatia by Zagrebačka Bank, a member of UniCredit Group.

Country	Venture philanthropy capital	Loans by traditional intermediaries and specialised institutions (e.g., ethical banks)	Crowdfunding	Innovative social finance instruments (i.e., impact investing and social impact bonds)
HU	NESST is an important international development agency focused on venture philanthropy that is present in Hungary since many years.	A limited number of banks provide preferential loans for NPOs and SEs, and they usually use the same conditions as mainstream for-profit enterprises.	NIOK Foundation, aimed at strengthening civil society since 1993, manages the https://adjukossze.hu/ crowd-funding portal.	Impact investment has shown that only one programme, Impact Accelerator, has been launched.
IE	–	<ul style="list-style-type: none"> > Microfinance Ireland (MFI) is a non-profit lender established to deliver the Irish Government's Microenterprise Loan Fund Scheme; > Social Finance Foundation; > Clann Credo; > Community Finance Ireland. 	–	–
IT	Recent examples of venture capitalists specialising in social investment include, the venture philanthropy fund OltreVenture and SEFEA.	<ul style="list-style-type: none"> > Several Italian banking groups (e.g., Banca Intesa, Unicredit, UBI Banca, etc.) have established funds or funding initiatives devoted to SEs and NPOs. Moreover, particular attention to SEs is provided by cooperative banks. > Dedicated institutions: Banca Etica and CGM Finance. 	–	The UBI Banca's social bonds had the objective of supporting the development of SEs and carrying out social projects creating value for local communities. In 2012, the total amount of bonds issued was 20 million EUR and loans ranged from 15,000 to 500,000 EUR, with a maximum maturity of 60 months.
LT	In order to develop the venture capital market in Lithuania, the Ministry of Economy and Innovation plans to implement seven new venture capital instruments and allocate up to 97.7 million EUR of EU and national funds to this measure.	Šiaulių bankas, UniCredit Leasing, Medicinos Bankas and Citadele Bank offer loans guaranteed through a "portfolio guarantees" system.	–	–
LU	–	Conventional banks provide finance to social economy organisations. Overall, five to six commercial banks provide finance to the sector.	There is a need to develop new forms of financing such as a platform for crowdfunding.	There is a need to develop new forms of financing such as impact funds.
LV	The Social Entrepreneurship Association of Latvia serves as a contact and cooperative platform that also pays attention to the social impact investment sector.	A practice of granting loans at low interest rates or interest-free has yet to emerge in Latvia. Conventional banks may not consider SEs profitable.	–	–

Country	Venture philanthropy capital	Loans by traditional intermediaries and specialised institutions (e.g., ethical banks)	Crowdfunding	Innovative social finance instruments (i.e., impact investing and social impact bonds)
MT	Since 2014, activities and events around SEs, such as the Social Impact Awards and dosomethinggood.eu, have increased and generated more interest, and beyond the public debate on legal recognition, new initiatives are emerging.	Soft Loans supports enterprises through loans at low interest rates for partial financing of investments in qualifying expenditures.	Since 2016, crowdfunding has been gaining momentum thanks to the setting up of the Foundation for the Promotion of Entrepreneurial Initiatives and the launching of ZAAR, a donation/reward-based crowdfunding platform.	–
NL	Social Impact Ventures, a social impact fund of 30 million EUR, offers growth capital and venture assistance to Dutch SEs that want to scale up.	KNHM and VSB Fund have joined forces to support SEs with loans or shares.	There is no specific legal framework for crowdfunding as such, but the National Bank of the Netherlands and the Netherlands Authority for the Financial Markets (AFM) have stipulated in a so-called interpretation that crowdfunding platforms are mediators and that if their products are financial in nature they require AFM supervision.	To date, ten social impact bonds have been active within the Netherlands, mainly invested in by banks such as ABN AMRO and Rabobank and independent social investors such as the Start Foundation and Oranje Fonds.
PL	In 2012-2015, the Centre for Economic Development in Pasłęk tested a model of capital support in labour market integration to prepare people to lead SEs.	There are two types of loans for social economy entities: a) loans to begin activity for those entities that have been operating for no longer than one year and b) loans for the development of entities that have been operating for longer than one year.	–	–
PT	Social Impact programme aims to enhance social economy organisations skills in managing social impact through a platform of learning and interaction.	The financial investment sources have tended to shift from public funding to a mix of public sources and bank loans. Several actors in the field consider loans to be the best solution to cover financial investment needs.	Crowdfunding provides a new source of funding both for starting up and investment. At least two crowdfunding platforms, PPL and Massivemov, have proved relevant.	–
RO	–	The access to bank credit remains very limited, with the few exceptions of SEs registered as limited liability companies. Commercial banks often perceive them as high-risk clients.	Increasing interest in crowdfunding to support innovative projects and other forms of participative funding.	–
SE	SEs do not have a great need for investment capital since they are primarily engaged in services with low financial thresholds.	–	Crowdfunding is used but the scope and results have not systematically been evaluated.	–
SI	–	Most of the SEs seek financing through regular commercial bank loans, using their own property as collateral.	Crowdfunding has not yet developed among SEs.	Innovative social financial instruments are not developed.

Country	Venture philanthropy capital	Loans by traditional intermediaries and specialised institutions (e.g., ethical banks)	Crowdfunding	Innovative social finance instruments (i.e., impact investing and social impact bonds)
SK	Slovak Investment Holding developed a specialised financial instrument financed primarily but not exclusively by the EU Structural Funds, with the intention of supporting enterprises in the social economy sector.	Although the offer is still limited, the big promoter is Slovenská sporiteľňa (Erste Group), which through their initiative called Social Bank developed a specialised bank product meeting the needs of SEs.	Despite some initiatives (e.g., portal www.ludialudom.sk and www.dobrakrajina.sk), the role of crowdfunding in SEs support remains limited.	There is no experience with SIB implementation in Slovakia, and discussion about the use of the tool does not exist.
UK	The trend of diversification of income away from the public sector may be explained by new social ventures responding to the opportunities created by public sector reforms and financial austerity measures. To meet the demand for small, unsecured investment from smaller SEs, the Access Foundation now provides “blended finance” that combines loans and grants, with the 45 million GBP (50.9 million EUR) Growth Fund with 50% grant funding from the National Lottery and 50% investment from Big Society Capital.	The new coalition government of 2010 supported the Cabinet Office's Pathfinder Mutuals Initiative, offering advice and mentoring with substantial funding streams for grants and loans (notably 100 million GBP, or 113 million EUR) from the Social Enterprise Investment Fund specifically allocated to help build their capacity.	The Eco Larder is a CIC based in the Haymarket area of Edinburgh that crowdfunded more than 22,000 GBP (25,880 EUR) and worked with SEs and volunteers to source produce and renovate the shop.	–

* Cyprus (CY) is not included in the table because the country report do not provide information on this topic.

Appendix 6. Tax breaks and fiscal benefits granted to social enterprises

Country	Corporate tax exemption on retained profits	Exemption or reduced VAT rate	Social insurance costs reduced or covered by subsidies	Tax reductions granted to private and/or institutional donors	
				Legal entities	Natural persons
AT	Yes	Yes	There are support schemes for enterprises in general and not specifically for SEs.	Private individuals and companies can deduct donations up to 10% of their profits from their income tax when such donations are made to certain listed organisations.	
BE	WISEs' profits put into an asset lock scheme are subject to tax reductions.	Under certain conditions, WISEs benefit from a reduced VAT rate.	Social security tax breaks are provided in the healthcare and social service sectors.	Can be provided under certain conditions.	
BG	Specialised enterprises and cooperatives of PWDs may request the assignment of the annual corporate tax.	The Act on VAT allows conventional enterprises and SEs to benefit from VAT exemption on certain goods and services.	Specialised enterprises and cooperatives for PWDs can be reimbursed with up to 30% of the insurance contributions for the total number of staff.	New act provides a tax reduction to institutional donors of up to 10% of the accounting profit if they donate to registered SEs.	–
CZ	For each employee with health disabilities, the employer can claim an income tax reduction up to 700 or 2,300 EUR, depending on the level of disability.	–	–	–	–
DE	Public benefit organisations do not pay any corporate income tax on their “ideal” activities nor on the economic activities necessary to support their social mission.	Organisations and SEs with the public-benefit status can use a reduced VAT rate of 7%, instead of the normal rate of 19%.	SEs do not benefit from any exemption on indirect labour costs. If they have employees, they must follow all regulations.	–	–
EE	–	–	–	Legal entities can reduce their tax base up to 10% by donations to NPOs.	Individuals can reduce their tax base up to 15% by donations to NPOs.
EL	SCEs are exempted from paying business tax.	No different VAT rate is foreseen for any SEs.	No benefits are foreseen for the majority of SEs with the exception of employees of both KoisPE and SCE coming from vulnerable groups.	–	Donations from individuals to NPOs are tax-deductible to a limit of 60% of their taxable income.

Country	Corporate tax exemption on retained profits	Exemption or reduced VAT rate	Social insurance costs reduced or covered by subsidies	Tax reductions granted to private and/or institutional donors	
				Legal entities	Natural persons
ES	<ul style="list-style-type: none"> > Profits of social initiative cooperatives with a recognition of their non-profit mission can be exempt or applied to just 10% of revenues. Reduction of 95% in the Economic Activities Tax. > Special employment centres for social initiative can benefit from direct subsidy and reduction in the annual business tax for each PWD hired. 	–	<ul style="list-style-type: none"> > Employment integration enterprises benefit from reductions in the social security contributions of workers at risk of exclusion. Subsidies for economic compensation of the labour costs supported due to the integration process. > Special employment centres not only those for social initiatives: benefit from reductions in the social security contributions of PWDs employed. Subsidies for economic compensation of the labour costs supported. 	Donors have no tax relief or other types of benefits, although changes are expected to be introduced.	
FI	No	The VAT Act includes important areas for most SEs that are not subject to taxation at all.	A WISE may be granted a wage subsidy to employ a PWDs or long-term unemployed plus an increment.	–	–
FR	<ul style="list-style-type: none"> > SCICs' revenue that is allocated to the asset lock is tax-exempt. > Sporting and cultural associations can be exempt from corporation tax on services provided to their members. > Foundations are not subject to corporation tax for activities directly related to their purpose. 	<ul style="list-style-type: none"> > SCICs' VAT rate depends on the activity carried out. > Sporting and cultural associations can be exempt from VAT on services provided to their members. > Foundations are not subject to VAT for activities directly related to their purpose. 	Associations and WISEs can benefit from reduced social security taxes for the employment of workers under certain conditions.	Legal entities can donate tax-free up to 10% of their previous year's profit or up to 3% of their personnel costs during the current year to eligible NPOs and foundations.	The total amount that individuals are allowed to deduct from their personal income is 1,200 EUR per year.
HR	NPOs not carrying economic activities are not obliged to pay profit tax.	All entities performing economic activities are exempted from the VAT if their annual revenue is does not exceed around 40,000 EUR.	Employers can receive subsidised wages for employing PWDs.	Individuals and companies may receive a reduced tax base or donations to NPOs of up to 2% of their annual income.	

Country	Corporate tax exemption on retained profits	Exemption or reduced VAT rate	Social insurance costs reduced or covered by subsidies	Tax reductions granted to private and/or institutional donors	
				Legal entities	Natural persons
HU	<ul style="list-style-type: none"> > If an organisation has no public benefit status and its business income in the tax year measures around 31,000 EUR, but does not exceed 10% of the total revenue, it receives exemption from corporate tax. > Social cooperatives do not have to pay corporate tax after non-business income. > Non-profit companies do not have to pay corporate tax after non-business income. > Public benefit organisations do not pay corporate tax if business revenues rank less than 15% of the total revenue and do not exceed around 31,000 EUR. 	Civil society organisations, social cooperatives, non-profit companies and public benefit organisations receive exemption from paying VAT for some activities.	<ul style="list-style-type: none"> > Associations and foundations enjoy advantages regarding labour costs. They only need to pay taxes and contributions for executive officers if their income from the organisation reaches 30% of the minimum wage or if they utilise employment contracts. > The social cooperatives' executive officers do interact with social insurance and pay taxes if their income reaches 30% of the minimum wage and if they utilise employment contracts. > Public benefit organisations do not need to pay any vocational training contributions. 	All organisations with public benefit status can accept donations from legal entities. Legal entities may deduct the total of the donations per year from their declared income.	All organisations with public benefit status can accept donations from natural persons. Natural persons may deduct the total of the donations per year when declaring their income.
IE	SEs registered as charities benefit from corporate tax exemption.	–	<ul style="list-style-type: none"> > The Wage Subsidy Scheme provides financial incentives to WISEs to employ PWDs who work more than 20 hours per week. > Active labour market programmes can indirectly support community-based WISEs. 	There is no tax or fiscal benefit granted for donations made especially to SEs. If SEs accept donations, they have to follow all the provisions that exist under the company law or charity regulations.	

Country	Corporate tax exemption on retained profits	Exemption or reduced VAT rate	Social insurance costs reduced or covered by subsidies	Tax reductions granted to private and/or institutional donors	
				Legal entities	Natural persons
IT	Social cooperatives entities with SE status are exempted from payment of corporate tax (IRES).	A-Type social cooperatives enjoy a favourable (5%) VAT rate.	B-Type social cooperatives are exempt from the payment of social insurance contributions for the disadvantaged workers they have integrated.	<ul style="list-style-type: none"> > Donating specifically to public benefit organisations including social cooperatives qualifies donors for corporate tax advantages. > The supported public benefit organisations provide donation receipts, ensuring a 20% reduction of the corporate tax base for a single donation and an additional 20% reduction for a permanent donation contract. Also donations made by individuals are deductible from the personal income. > Donations of goods and services for public benefit purposes also receive VAT exemption. > Public benefit provisions govern non-profit companies if they have public benefit status. In this case, non-profit companies do not need to pay taxes after their public benefit activities and remain exempt from local business tax. 	
LT	Benefit from a zero-tax rate for the first 7,250 EUR of taxable profit, and the remaining part of the profit is taxed at a rate of 15%.	No VAT is paid on revenues resulting from the provision of public benefit services.	-	Only donations to social cooperatives are tax-deductible.	
LU	SISs can benefit from exemptions from corporate income tax, communal business tax and net wealth tax.	Law does not contain provisions with regard to the treatment applicable to the SIS.	-	Yes, but not specified.	
LV	Enterprise income tax is not paid if profits are not distributed or are used for business expansion. A limited liability company with SE status is 100% exempt from the enterprise income tax if it reinvests its profits in the enterprise and/or social goal.	VAT is not paid (i) if social care, professional and social rehabilitation, social assistance and social work services are provided, and (ii) if an annual turnover from economic activity is less than EUR 40,000.	WISEs receive tax relief on employer and employee social insurance contributions.	Section 847A of the Taxes Consolidation Act 1997 provides for a scheme of tax relief for relevant donations to an approved sports body, including SEs.	
MT	Voluntary organisations, regardless of whether they conduct any permitted trade, are exempted from paying income tax.	-	-	Conventional companies can consider donations as expenses, thus reducing their taxable income.	Individuals can choose to donate 2% of the personal income tax they pay to NPOs.

Country	Corporate tax exemption on retained profits	Exemption or reduced VAT rate	Social insurance costs reduced or covered by subsidies	Tax reductions granted to private and/or institutional donors	
				Legal entities	Natural persons
NL	Corporate tax reduction for organisations meeting the requirements for public benefit status (ANBI status), such as having the aim and the actual activities of an organisation with 90% public interest.	–	–	Donations to organisations that have ANBI status can be deducted from income tax over and above a threshold of 1% of the total income reported to the tax authorities (and at least 60 EUR). The maximum deduction is 10% of this income.	
PL	There are some exemptions from income tax under certain conditions.	ZAZs and ENPOs are VAT exempt under certain conditions.	<ul style="list-style-type: none"> >The employment costs of social cooperatives can be covered by a local government. >If an ENPO acts as a CIS, it is allowed to benefit from a partial reimbursement of its employees' salaries. >ZAZs' employment costs can be partially covered by PFRON. 	–	–
PT	NPOs are exempt from income tax.	NPOs are exempt from VAT on sales from the provision of services and directly related exchanges in social services activities.	NPOs benefit workers' reduction cost.	–	–
RO	Tax exemption are expected from certain income sources.	–	–	Individuals and companies benefit from tax deductions in case of donation to entrepreneurial NPOs.	
SE	Non-profit associations (<i>ideell förening</i>) can be exempt from taxation if their aims fulfil the public benefit criteria.	SEs register for VAT on the same terms as other businesses.	SEs do not benefit from specific exemptions on labour costs.	Little tax relief for donors (individuals and companies); 0.3% from the taxed income in the tax period, though if that is lower than the tax base for that period, an additional 0.2% tax relief may apply for public purpose activities.	
SI	Associations, institutes and foundations are exempt from paying taxes for non-profit activities.	Exemption from VAT for activities in the public interest and if taxable income does not exceed 50,000 EUR per year.	Companies and employment centres for PWDs are exempt from paying taxes and social security contributions for all employed persons in the company.	The fiscal policy regarding donations and sponsorships to associations and foundations does not foresee incentives for a company's donation/ sponsorship.	

Country	Corporate tax exemption on retained profits	Exemption or reduced VAT rate	Social insurance costs reduced or covered by subsidies	Tax reductions granted to private and/or institutional donors	
				Legal entities	Natural persons
SK	Civic associations, NPOs providing socially beneficial services and foundations are exempt from taxes for the non-profit activities.	<ul style="list-style-type: none"> > VAT applies only in cases of SEs whose yearly taxable income is >50,000 EUR. > SEs with higher income registered according to the Act on Social Economy and Social Enterprises and those that are socialising 100% of their possible profit may apply for the lowered VAT rate. 	<ul style="list-style-type: none"> > In the case of employing a long-term unemployed person, the employer may apply for a reduced rate of social insurance payment. > In case of employees with health disabilities, the health insurance payment is half that of other employees. 	No tax reductions. However, there is a tax percentage assignment model under which legal entities and natural persons may participate.	
UK	CLGs can receive a reduction of 80% on the business rates payable to local authorities. Business rate reductions are occasionally available to other legal forms of SEs at the discretion of local governments.	–	–	There are also some tax exemptions for donors.	

* Cyprus (CY) and Denmark (DK) are not included in the table because the country reports do not provide information on this topic.

Appendix 7. Social enterprise and the UN Sustainable Development Goals (SDGs)

The 2030 Agenda and its 17 SDGs, agreed by all UN Member States in 2015, provides a framework for tracking progress in relation to specific development goals.

The position paper of the UN Inter-Agency Task Force on Social and Solidarity Economy (UNTFSSSE),³³ entitled “Realizing the 2030 Agenda through Social and Solidarity Economy”, set out **the principles that make the social and solidarity economy (SSE) a central ally in achieving the SDGs.**³⁴ This seminal statement includes the blunt recognition that “business-as-usual is no longer an option” and identifies the innovations and practices at work within the SSE as crucial for connecting economic activity and sustainable development (UNTFSSSE 2014:1).³⁵ Moreover, it presents a matrix summarising how it addresses all 17 SDGs grouped into the following 9 action areas (UNTFSSSE 2014):

1. poverty eradication, equality and good governance;
2. hunger, food and agriculture;
3. social services and assistance;
4. gender equality;

(33) The TFSSE was founded in 2013 and is composed of 19 members and 7 observers. EMES has been an observer member since the beginning while the European Commission joined in 2018 and Euricse in 2019. They collaborate with the task force in the renewed framework of the SDGs to enhance the recognition of the role of SSE enterprises and organisations in sustainable development; to promote knowledge of SSE and to consolidate SSE networks; to support the establishment of an enabling institutional and policy environment for SSE and to ensure the coordination of international efforts and create and strengthen partnerships. More information is available at <http://unsse.org/>.

(34) “SSE” has become the standard term within UN contexts and the one used by the task force given the inter-agency and multi-stakeholder nature of its members. The term is meant to encompass the various traditions that exist across the world by capturing the various dimensions they incorporate: the pursuit of social and environmental goals (“social”); in a participatory and emancipatory way (“solidarity”) and economically sustainable (“economy”). The SSE “includes traditional forms of cooperatives and mutual associations, as well as women’s self-help groups, community forestry groups, social provisioning organisations or ‘proximity services’, fair trade organisations, associations of informal sector workers, social enterprises, and community currency and alternative finance schemes” (see <http://unsse.org>). An interesting publication that uses the various terminologies in the SDG framework is Utting, P. (2018) *Achieving the Sustainable Development Goals through Social and Solidarity Economy: Incremental versus Transformative Change*, Working Paper n. 1, Knowledge Hub Working Paper Series. Available at http://unsse.org/wp-content/uploads/2018/04/WorkingPaper1_PeterUtting.pdf.

(35) UNTFSSSE (2014) *Realizing the 2030 Agenda through Social and Solidarity Economy Position statement of the UN Inter-Agency Task Force on Social and Solidarity Economy*. Available at http://unsse.org/wp-content/uploads/2014/08/Final_Position-Paper-SSE-and-SDGs_UNTFSSSE.pdf.

5. employment, infrastructure and inclusive growth;
6. quality of life in human settlements;
7. forests, oceans and coastal ecosystems;
8. sustainable production and consumption and climate change;
9. means of implementation;

The UN defines the SSE as “the production and exchange of goods and services by a broad range of organisations and enterprises that pursue explicit social and/or environmental objectives. They are guided by the principles and practices of cooperation, solidarity, ethics and democratic self-management” (UNTFSSSE 2014).

As laid out in this synthesis report and several national reports, **social enterprises constitute a crucial category of actors active within the SSE framework in Europe and beyond**. In the context of this mapping update, national researchers were invited to reflect on how the actors within the social enterprise ecosystem could facilitate the implementation of goals and targets associated with the SDGs, particularly in local settings.³⁶ The discussion around SDGs is taking place unevenly across Member States, but following the exchange of country and regional-level experiences in the various Member States participating in the discussion, the following conclusions about the relationship between social enterprises and SDGs were reached:

The essential contribution of social enterprise to SDGs

Sustainable development is a complex and contested notion. It involves economic, social, environmental and cultural dimensions, many of which are intertwined in the everyday action of social enterprises. The ability of social enterprises to respond to the SDGs was described as pertaining to their DNA: **social enterprises are created to foster integrated and holistic approaches to sustainable development, notwithstanding the complexities of managing them**, including the various resource types mobilised, the inclusive governance and participation of stakeholders, etc. However, there seems to be a lack of acknowledgement amongst social enterprises themselves about this match. Ideally, by becoming gradually more aware of the opportunities that this new SDG framework generates (e.g., potential collaborations with local public administrations and the private sector as they become more aware of SDGs), social enterprises could track and illustrate their contribution to SDG achievement. Umbrella organisations and networks can play a unique role in the promotion of the

(36) Although the question of SDGs was not directly addressed in the country reports, a number of interesting reflections emerged from the group exercise with most of the researchers participating in the mapping update, experts and international network representatives. This group exercise was held during the Synthesis Seminar held in Brussels on 16-17 May 2019.

SDGs framework as illustrated in the case of the International Co-operative Alliance (ICA) and national umbrella organisations (see the box F below).

Box F. Making the contribution of cooperatives to SDGs at international and national levels visible³⁷

ICA has developed since 2014 an action line aimed at encouraging national organisations to raise awareness among their local members about the maths between their actions and the SDGs.³⁸ Moreover, the ICA recently launched a fundraising call to support the visibility of cooperatives in the SDGs field.³⁹

The Spanish Social Initiative Cooperatives Association (*Confederación Española de Cooperativas de Trabajo Asociado*, COCETA) has maintained since 2015 a strategy to inform their local members about the SDGs, the role of cooperatives in the achievement of SDGs and how to make this connection more visible.⁴⁰

Beyond their specific areas of action (hunger, energy, health, etc.) **social enterprises address SDGs that are considered intersecting, namely job creation and gender equality**. Moreover, the crucial dimension of inclusive governance and the ownership dimension of social enterprise, which is included in the EU operational definition of the current mapping update, could be considered a hidden aspect of sustainable development that the SDGs fail to capture. The fact that social enterprises act as “schools of democracy” is crucial for the emergence of a citizenry that is aware of the impact that consumption and political choices will have on the future of the planet and humanity itself. Likewise, the idea of inter-cooperation and collaboration that characterises the mode of functioning of social enterprises and has been identified as a competitive advantage contributes to foster learning on how to collaborate.

At a time when governments are searching for ways to adapt policy to better deal with complex development challenges, important lessons can be learnt from the expanding

(37) For ICA, see <https://www.ica.coop/en/our-work/sustainable-development-goals> and for COCETA see <https://www.ica.coop/en/fundraising-call-visibility-cooperatives-sdgs-field>. See also: ILO (2014) *Cooperatives and the Sustainable Development Goals. A Contribution to the Post-2015 Development Debate*. Available at <https://sustainabledevelopment.un.org/content/documents/1247ilo.pdf>.

(38) <https://www.ica.coop/en/our-work/sustainable-development-goals>.

(39) <https://www.ica.coop/en/fundraising-call-visibility-cooperatives-sdgs-field>.

(40) https://www.coceta.coop/noticias/archivos/Los_Objetivos_del_Desarrollo_Sostenible.docx (in Spanish),

field of SSE. This comprises the experiences of millions of producers, workers, citizens and communities worldwide that seek to enhance livelihood security, realise their rights and transform production and consumption patterns through various forms of cooperation, solidarity and democratic self-organisation. SSE also emphasises the place of ethics in economic activity.

Social enterprise and SDG reporting

A major challenge is how achievements towards the SDGs will be reported given that the emphasis within the 2030 Agenda is placed on national goals and targets and reporting is made by national governments. Paradoxically, the activity that would help mitigate the challenges that SDGs target occurs at the local level and is grounded in local realities. This situation creates a measurement level gap whereby local administrations are facing obstacles when reporting on the 265 indicators developed for the follow-up of the SDGs. In order to avoid the trade-offs and contradictions of mainstream development approaches in measuring and reporting, **the active participation of stakeholders in the definition of indicators and the need to develop endogenous indicators (as opposed to exogenous ones) were identified as key to ensure that the true essence of social enterprises is captured when measuring their contribution to the SDGs.** Indeed, the idea of co-designing assessment indicators with the social and solidarity economy as a way to address the perceived resistance to accept externally defined indicators that may exist within the sector was behind the international conference organised by the United Nations Research Institute for Social Development (UNRISD).⁴¹

Once again, **the role of national representative bodies in mainstreaming the language and practices of SDG reporting into the everyday practice of social enterprises is very relevant.** The case of Iceland's Association of public associations provides a good example of how this could be done. This organisation recently signed a contract with the national government to put into focus the SDGs for Icelandic associations, laying out how their activity is relevant to all the SDGs and offering a set of criteria that allows for measuring this activity against SDGs. Moreover, the agreement allows for some support programmes to increase the capacity of associations to report on the SDGs as well as some research to follow up the implementation and reporting processes.

(41) The international conference organised by UNRISD in June 2019 entitled "Measuring and Reporting Sustainability Performance Are Corporations and SSE Organizations Meeting the SDG Challenge?" aimed to assess the adequacy of existing methods and systems for gauging the contribution of social enterprises to achieving the SDGs. Information about the event and the full programme are available here: [http://www.unrisd.org/unrisd/website/events.nsf/\(httpEvents\)/859F7D0740C4FD3BC12583AE00539821?OpenDocument](http://www.unrisd.org/unrisd/website/events.nsf/(httpEvents)/859F7D0740C4FD3BC12583AE00539821?OpenDocument)

Finally, there is a perception that attention needs to be paid to window-dressing practices. **While SDGs present an opportunity for social enterprises to demonstrate their contribution to sustainable development, some of them may behave in an opportunistic way**, although most concern about this behaviour has been expressed by conventional enterprises. A way of addressing such risk would be for the UN itself (but also national governments) to formally recognise the competitive advantage that social enterprises bring to the collective effort of achieving the SDGs, as requested by the UNTFSSE and its members and observers.

Endnotes

- 1 In Belgium, WISE accreditation schemes are regulated at regional level.
- 2 The indicators of the entrepreneurial dimension identified in table 2 are proxies that are meant to capture both the entities that are full-fledged social enterprises and the organisations that are evolving towards a social enterprise model but are still in an embryonic stage of development. This implies the possibility of also considering under the social enterprise definition organisations that do not have paid staff but rely instead exclusively on volunteers. For the same reasons, organisations that draw on financial resources that cannot yet be fully regarded as market resources are also to be considered under the social enterprise definition. Examples include certain types of grants and membership fees that are paid against the delivery of specific services or are considered a condition for accessing services.
- 3 In Belgium, WISE accreditation schemes are regulated at regional level.
- 4 In Finland, the social enterprise as regulated by Law 1351/2003 (revised 924/2012) is conceived exclusively as a WISE.
- 5 In Lithuania, social enterprises as regulated by Law IX-2251/2004 are conceived exclusively as WISEs.
- 6 More recent data are not available.
- 7 In Belgium, WISE accreditation schemes are regulated at the regional level.
- 8 In Albania, the status is referred to as “non-profit organisations for public benefit”.
- 9 In the Czech Republic, the special law on public benefit status had been in preparation but was never approved; the Income Tax Act 586/1992 in its update no. 344/2013 defines the (narrower) term “publicly beneficial taxpayer”.
- 10 In Romania, the public benefit status is formal, with no fiscal advantages attached.
- 11 In Belgium, WISE accreditation schemes are regulated at regional level.
- 12 Generating social impact.
- 13 Institute (HU) and *zavod* (HR) are included in this typology.
- 14 This organisational type includes: associations (most countries), *chitalishte* (BG), welfare associations (AT, DE), non-profit companies (HU, PL), public enterprises (LT), mercy houses (PT), non-profit associations (EE, FI, SE), ENPO (PL).
- 15 This includes organisations with the status of social enterprise in Finland and Lithuania and various organisational types recognised as WISEs, e.g.: SÖB, GBP and

IB (AT), social insertion enterprise (RO), social integration enterprise and special employment centre (ES), sheltered workshop (HR, RO), ZAZ (PL), enterprise of PWDs (BG).

16 In Belgium, WISE accreditation schemes are regulated at the regional level.

17 This organisational type includes: CIC (UK), ESUS (FR), SIS (LU), IPSS (PT) and social enterprise (BG, DK, HR, IT, LV, RO, SI, SK).

18 This organisational type includes: traditional cooperative with a social aim (AL, AT, BG, BE, CY, CZ, DE, EL, ES, FI, HR, HU, IS, LU, ME, MK, MT, NL, NO, RO, RS, SI, SK, UK), social cooperative (CZ, HU, IT, PL), social and cultural cooperative (DE), social solidarity cooperative (PT), KoinSEp and KoiSPE (EL), veteran cooperative (HR), SCOP, CAE and SCIC (FR), community cooperative (IT), women cooperative (EL, TR), education cooperative (TR), CIS (ES), economic association (SE).

19 Twenty-one country reports have been updated in 2018-2020, and seven country reports were updated in 2016 with an additional update undertaken in 2019-2020.

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