

PROMOTING SOCIAL ENTREPRENEURSHIP IN UKRAINE



AN OVERVIEW OF KEY TOPICS



European Center for
Not-for-Profit Law



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This study is made possible by the generous support of the American people through the United States Agency for International Development (USAID) within the Ukraine Civil Society Sectoral Support Activity.

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July 2021

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1. INTRODUCTION

Social enterprises combine societal goals with entrepreneurial spirit and provide an inclusive and sustainable solution to multiple challenges we face in our daily lives. They fill the gap in services that cannot be provided by the public or private sectors. Also, they develop innovative technologies and solutions to protect the environment and fight climate change. Despite the positive trend in their development in Europe, the potential of social enterprises is yet to be fully exploited in several countries, including in Ukraine.

To help tackle this issue, the European Center for Not-for-Profit Law Stichting (ECNL) and the Ukrainian civil society organization Ednannia organized a moderated discussion with social enterprise representatives. The aim of the meeting was to exchange their experiences and the challenges they face, the opportunities they see and identify possible areas of support.

The key issues identified in Ukraine were related to the: (1) lack of definition and common understanding of what constitutes social entrepreneurship; (2) insufficient state support and other benefits that would boost further development of social entrepreneurship; (3) negative connotation associated with the word “social” and issue of the “image” of social enterprises in general.

Currently, there is no official definition of social entrepreneurship in Ukraine and no common understanding of what social entrepreneurship means. Only de-facto social enterprises operate in Ukraine that generally comply with the social and economic criteria introduced by the European Commission.¹ In order to recognize social enterprises, promote their development and design a tailored support, it is essential to have a shared understanding of the concept itself and to ensure that the definition is not too narrow and encompasses all initiatives operating as social enterprises.

According to the discussion with the social enterprise representatives, there are generally no major obstacles to setting up and operating as a social enterprise in Ukraine. On the other hand, there is no targeted state support. Development of social entrepreneurship can be efficiently incentivized through various state and local level policies, providing benefits to new and existing social enterprises.

The present overview prepared by ECNL aims to support informed discussion on how to address these challenges through examples of good practices from countries around Europe. It describes different aspects of the definition and ways to introduce it and provides practical examples from various European countries. Further, the paper gives an overview of potential benefits that can be introduced at local or state level or via cooperation with traditional companies. As a conclusion, it provides a set of recommendations to improve the environment for social entrepreneurship in Ukraine.

¹ European Commission: Social Enterprises, available at: http://ec.europa.eu/growth/sectors/social-economy/enterprises_en.

2. DEFINITION AND WAYS TO INTRODUCE IT

How to define a social enterprise?

There is no universal definition of social enterprises applied throughout Europe. In the broadest sense, the term “social enterprise” is used to describe an organization, either for profit or non-profit, active in the delivery of socially beneficial economic activities. According to the definition adopted by the European Commission, social enterprise is *“an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities.”*²

The definition adopted by the European Commission incorporates three key dimensions that define social enterprises: 1) governance dimension, 2) economic dimension and 3) social dimension. Hence, it goes beyond a simple work integration concept. Each of the dimensions is operationalized through a set of criteria. The European Center for Not-for-Profit Law in its Comparative Report on social economy³ further describes the criteria in the following way:

- 1. Governance criteria:** Governance criteria define management of the internal matters of a social enterprise. They describe social enterprises as independent, collectively owned private legal entities, with participatory and democratic decision-making processes. Decision-making power is not based on the share of capital or assets of the organization and is typically governed by the one member, one vote principle. Social enterprises that operate as membership organizations are traditionally collectively governed through co-operative or non-profit structures.

Countries typically require that decision-making within social enterprises is democratic and not based on capital share. For example, in France the Law No. 2014-856 from July 31, 2014 on Social and Solidarity Economy stipulates that social and solidarity enterprises “must have a democratic and participative governance.”⁴

In addition, national regulations may introduce explicit requirement related to the autonomy of the social enterprise. These are typically emphasizing the independence of the social enterprise from public authorities. For example, based on the Concept of Social Entrepreneurship No 4-207 in Lithuania “social enterprise shall be **independent from public sector organizations**, e.g. state and municipality institutions and agencies.”⁵

- 2. Economic criteria:** Economic criteria bring the aspect of trade to the definition of social enterprises. Social enterprises are engaged in continuous economic activity producing and selling goods and/or services. While they can accept volunteers, social enterprises typically pay for their workforce.

² European Commission: Social Enterprises, available at: http://ec.europa.eu/growth/sectors/social-economy/enterprises_en.

³ European Center for Not-for-Profit Law: Legal Framework for Social Economy and Social Enterprises: A Comparative Report, 2012. Available at: http://ecnl.org/dindocuments/442_ECNL%20UNDP%20Social%20Economy%20Report.pdf

⁴ Law No. 2014-856 from July 31, 2014 on Social and Solidarity Economy, available at: [LAW No. 2014-856 of 31 July 2014 on the social and solidarity economy \(1\) - Légifrance \(legifrance.gouv.fr\)](http://www.legifrance.gouv.fr/eli/loi/2014/7/31/2014_856)

⁵ The order of the Minister of Economy ‘Concept of Social Entrepreneurship’ No 4-207, 3 April, 2015, available at: 4-207 On the adoption of the Concept of Social Business (Irs.lt)

The economic element is an essential part of the social enterprise laws throughout Europe. For example, the Spanish Law on Social Economy defines social economy as a spectrum of **economic and business activities** that abide by certain principles laid down in the Law.⁶ The French Law No. 2014-856 from July 31, 2014 on Social and Solidarity Economy describes social and solidarity economy as a **mode of enterprise and economic development** adapted to all areas of human activity, following certain conditions that are again laid down in this Law. The economic element is therefore recognized by laws as one of the key elements characteristic for all social enterprises.⁷

- 3. Social criteria:** Social criteria emphasize the primacy of the social purpose of social enterprises over the distribution of surplus income. Social enterprises typically do not distribute their profit or limit the distribution to a certain percentage of annual turnover/income.

Social enterprises are typically bound by special conditions related to the utilization of profit for their main, social purpose: In Slovakia, the Social Enterprise Act no. 112/2018 Coll., stipulates that social enterprise shall use 50% of earned profit after tax to **support its main -positive social impact- purpose.**⁸

According to the Legislative Decree 112/2017 in Italy, social enterprises are allowed to make profit, but they **cannot distribute it to its members or owners.** They are bound by non- distribution constraint and all profits have to be reinvested to further their main statutory goal or to increase their assets, which are fully locked.⁹

There is also no single legal form for social enterprises. As mentioned above, social enterprises may operate as non-profit organizations, for-profit entities or they can be registered as a distinct legal entity, for example, a cooperative. The definition should be adopted in a way that does not inhibit any organization to be recognized as a social enterprise because of the legal form in which it operates.

In Italy, any private legal entity can be recognized as a social enterprise **regardless of the legal form**, as long as it complies with additional economic, social and governance criteria.¹⁰

Similarly, in Denmark, **any legal form is eligible to be recognized as a social enterprise** (in practice, most of the social enterprises operate as associations, foundations or limited liability companies). In addition, the Law on Registration of Social Enterprise no. 711/2014 allows foreign legal entities established in the European Economic Area to be recognized as social enterprises in Denmark.¹¹

What type of definition to choose?

There are various preconditions that shape the discussion on whether and how to formally recognize social enterprises and design a supportive framework. Besides the economic, social and cultural traditions of the country or region, different regulatory traditions, existing legal

6 Law 5/2011 on Social Economy, available at: [Machine Translation of "Law 5/2011, From 29 March, Social Economy." \(Spain\) \(global-regulation.com\)](https://www.global-regulation.com/)

7 Law No. 2014-856 from July 31, 2014 on Social and Solidarity Economy

8 Social Enterprise Act no. 112/2018 Coll., available at: 112/2018 Z.z. - Zákon o sociálnej ekonomike a sociá... - SLOV-LEX

9 Legislative Decree 112/2017, available at: [Gazzetta Ufficiale](https://www.gazzettaufficiale.it/)

10 Ibid.

11 Social Enterprise Law no. 711/2014, available at: [Lov om registrerede socialøkonomiske virksomheder \(socioeco.org\)](https://www.socioeco.org/)

frameworks and needs of the sector should be taken into account. Based on the European comparative practices, public recognition of social entrepreneurship can be introduced through a legal regulation or a non-binding policy document.

Both approaches have certain advantages and disadvantages, also depending on the specific country context. For example, countries with a tradition of de-regulation may benefit from non-binding policies, while those that have already functional per se social enterprises and wish to legally recognize them may prefer to adopt a separate law introducing a definition and connected benefits.

Legal definition that reflects the reality of de facto social enterprises may support the general recognition and provision of more favorable treatment for social enterprises. At the same time, legal definition that is not inclusive can limit or exclude certain types of social enterprises. Therefore, it is always essential to map out the existing de facto social enterprises and their needs and adopt legal regulation that supports rather than hinders their operation.

There are numerous countries in Europe, including Denmark, France, Italy, Romania, Slovakia, Slovenia and others that adopted **legal regulation of social enterprises**. Laws in some countries also differentiate between several types of social enterprises:

In Romania, the Framework Law on Social Economy no. 219/2015 operationalizes **two forms of social enterprises**. The first type is any legal entity of private law carrying out activities of social economy, according to the principles of social economy set by the law. The second type, social insertion enterprise, refers to legal entities with at least 30% of staff belonging to a vulnerable group and with the objective to combat marginalization, exclusion, discrimination and unemployment among disadvantaged groups.¹²

Sometimes, the existing legal framework does not inhibit social entrepreneurial activity and all that is needed is financial and policy support for social enterprises. In such situations, it may be easier to adopt a policy document that provides necessary recognition and support and does not impose any additional obligations on social enterprises. Further, if there are any constraints for the operation of social enterprises, it may be possible to remove them by means other than through the adoption of a complex framework social enterprise law. This can be done, for example, by amending laws and eliminating problematic provisions that inhibit the operation of social enterprises.

There are several countries in Europe with **national level policy documents** recognizing social enterprises and providing benefits for them, including Poland's National Programme for Social Economy Development of 2014-2018 and 2019-2023¹³ or the Estonian National Development Plan for Civil Society 2015-2020 by the Ministry of the Interior¹⁴ and the Well-Being Development Plan by the Ministry of Social Affairs 2016-2023.¹⁵

In addition, in the Netherlands, social enterprises are increasingly **recognized at the local level**. Municipalities, including large cities, are adopting policy documents to support their development. According to a study published by PwC in 2018, approx. four in every ten municipalities are currently developing/have developed policies to recognize and stimulate social enterprises.¹⁶

¹² Framework Law on Social Economy no. 219/2015, available at: [Legea nr. 219/2015 privind economia socială actualizată 2021 - Lege5.ro](https://www.lege5.ro/Legea%20nr.%20219%20privind%20economia%20sociala%20actualizata%202021)

¹³ National Programme for Social Economy Development of 2014-2018 and 2019-2023, available at: [Projekt_KPRES.pdf \(ekonomiaspoleczna.gov.pl\)](https://www.ekonomiaspoleczna.gov.pl/projekt_kpres.pdf)

¹⁴ National Development Plan for Civil Society 2015-2020 by the Ministry of the Interior, available at: https://www.riigikogu.ee/wpcms/wp-content/uploads/2015/02/KODAR_2015-2020.pdf

¹⁵ Well-Being Development Plan 2016-2023, available at: [Heaolu arengukava 2016-2023 | Sotsiaalministeerium \(sm.ee\)](https://www.sotsiaalministeerium.sm.ee/heaolu_arengukava_2016-2023)

¹⁶ European Commission (2019) Social enterprises and their ecosystems in Europe. Updated country report: The Netherlands. Author: Niels

In some countries, there is also a private social enterprise recognition system in place, typically in the form of a private mark, label or certification scheme. These schemes are being introduced for social enterprises that wish to obtain recognition, and signal their specificity, particularly in countries with no special laws or policy documents on social entrepreneurship. These schemes have been adopted in several European countries, including Austria, Finland, Germany, Poland and the United Kingdom.¹⁷

Bosma. Luxembourg: Publications Office of the European Union. Available at <http://ec.europa.eu/social/main.jsp?advSearchKey=socenterfiches&mode=advancedSubmit&catId=22>

¹⁷ European Commission (2020) Social enterprises and their ecosystems in Europe. Comparative synthesis report. Authors: Carlo Borzaga, Giulia Galera, Barbara Franchini, Stefania Chiomento, Rocío Nogales and Chiara Carini. Luxembourg: Publications Office of the European Union. Available at <https://europa.eu/!Qq64ny>

3. BENEFITS AND SUPPORT

In countries around Europe, there are various types of benefits available to incentivize further development of social entrepreneurship. In this section, we will describe public support mechanisms on both national and local level and look into practices in private cooperation between social enterprises and traditional companies.

3.1. Public support at the national and local level

Based on the comparative practices in Europe, there are various public benefits that may be available for organizations recognized as social enterprises. These include direct benefits (financial and non-financial aid), fiscal benefits, incentivized public procurement, institutional support and others. Depending on the country, benefits and other support measures are provided at different levels: at the national level, at the local/regional level, or, alternatively, at both levels.

3.1.1. State support at the national level

► Direct support

Countries around Europe have introduced direct support schemes specifically designed for social enterprises. These public financial schemes may take various forms, including provision of grants, subsidies, loans or financial compensations that cover part of the production costs and assignation of vouchers to users that can be spent specifically in social enterprises.

In Germany, social enterprises, particularly newer and smaller ones, lean towards public grants, subsidies and donations (including in-kind donations) as sources of funding. Social enterprises in Germany can also seek **start-up loans from the state-owned development bank** called Kreditanstalt für Wiederaufbau (KfW) that has implemented a dedicated program for providing financial support to social enterprises. Under this program, social enterprises with convincing business plan and non-profit status are eligible to obtain loans from the KfW.¹⁸

The **public service voucher system** introduced in Belgium has been particularly successful in the development of work integration social enterprises. It is designed to boost the job creation for low qualified people in the housework field. An individual seeking a housework service may buy tax advantageous vouchers that can be redeemed at a program accredited provider. The provider who employs workers from among vulnerable groups sends a worker to the client's house.¹⁹

In Lithuania, **work integration social enterprises** are eligible to receive: (1) partial compensation for wages and state social insurance contributions; (2) subsidies for creation of jobs, adaptation of workplaces for the disabled, and acquisition/adaptation of means of work for the disabled; (3) subsidies for training of employees who are attributed to the target (work integration) groups. Following financial support is available for **work integration social enterprises employing persons with disabilities**: (1) subsidies for the adaptation of the work environment for disabled employees and production/rest areas; (2) subsidies for compensating additional administrative and transport expenses; (3) subsidies for compensating costs of an assistant (gesture language interpreter).²⁰

¹⁸ European Commission (2018) Social enterprises and their ecosystems in Europe. Updated country report: Germany. Author: Nicole Göler von Ravensburg, Gorgi Krlev, Georg Mildenberger. Luxembourg: Publications Office of the European Union. Available at <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwiv9cbNgeXxAhUSPOwKHZQuBRAQFjACegQIGhAD&url=https%3A%2F%2Fec.europa.eu%2Fsocial%2FblobServlet%3FdocId%3D22304%26langId%3Den&usq=AOvVaw3A5mt4TPT9ahInSqfHoQbb>

¹⁹ European Commission (2020) Social enterprises and their ecosystems in Europe. Updated country report: Belgium. Authors: Marthe Nysens and Benjamin Huybrechts. Luxembourg: Publications Office of the European Union. Available at <https://europa.eu/IQq64ny>

²⁰ Law on Social Enterprises No IX-2251, available at: IX-2251 Law on Social Enterprises (Irs.It)

► Fiscal benefits

Some countries in Europe encourage social entrepreneurship also through tax breaks, income tax exemptions, exemptions from payment of social contributions and other indirect benefits. Tax benefits are typically connected with the official recognition of the organization as a social enterprise. In addition, in some countries, tax benefits are available to all non-profit organizations therefore they also apply to social enterprises operating in non-profit legal form.

In Spain, social initiative cooperatives can obtain tax benefits in a form of **reduced income tax rate** under some specific conditions, including demonstration of the “general interest” of their economic activity. In addition, employment integration enterprises employing workers at risk of exclusion can obtain reductions in the social security contributions for their workers and compensation for the labour costs. Social employment centres for social initiative hiring people with disabilities are eligible for a reduction in the annual income tax for each new worker hired and a subsidy for adaptation of the workplace.²¹

In Belgium, there are no flat tax benefits for all social enterprises, however, associations and foundations operating as social enterprises enjoy preferential tax treatment due to their non-profit nature. Also, work integration social enterprises can benefit from tax reductions when they do not distribute profit (or a part of it) and put it into an asset lock. They can also benefit from a **reduced VAT rate** (6% instead of 21%) in case they sell recycled or re-used goods.²²

► Social contracting

Social enterprises often work on the issues and actively deliver services that are traditionally vested in state authorities. For example, they create business solutions tackling climate change, employment of disadvantaged workers or integration of immigrants. For this reason, state authorities around Europe purchase services from social enterprises to address these issues on their behalf.

There are different procedures for contracting such services depending on the country and the area. In many countries the leading law dealing with „purchasing” services is the public procurement law. Some of these include social criteria based on EC Communication and EU public procurement rules, including the EU Directive that, among other things, allows to reserve contracts to enterprises employing at least 30% of disadvantaged workers. Some countries developed separate mechanisms for social contracting based on open or restricted tenders that better reflect the nature of these services.

In Bulgaria, the Social Services Act allows a **separate procedure for contracting of social service providers**.²³

In Spain, the Law 9/2017 on Public Sector Contracts provides access to public procurement for social enterprises. The Law envisages an obligation to **reserve complete contracts or lots to recognized forms of social enterprises**. Beyond these recognized forms, public authorities may also reserve service contracts of a social, health or cultural nature to organizations commonly owned by employees or stakeholders, with mission of delivering general-interest services and reinvesting their profits to support their mission.

21 European Commission (2020) Social enterprises and their ecosystems in Europe. Updated country report: Spain. Authors: Millán Díaz, Carmen Marcuello and Rocío Nogales. Luxembourg: Publications Office of the European Union. Available at <https://europa.eu/!Qq64ny>

22 European Commission (2020) Social enterprises and their ecosystems in Europe. Updated country report: Belgium. Authors: Marthe Nysens and Benjamin Huybrechts. Luxembourg: Publications Office of the European Union. Available at <https://europa.eu/!Qq64ny>

23 Social Services Act, available at: [ESP - Flash report 2019 - 37 - BG - July 2019.pdf](https://eur-lex.europa.eu/eli/dir/2019/37/oj)

► Institutional mechanisms of support

National laws and regulations may introduce institutional mechanisms, such as advisory councils, support agencies and national registries for social enterprises. In addition, some countries have national networking platforms that allow social enterprises to advocate for their interests more effectively and facilitate the implementation of national policy measures on social entrepreneurship.

In Slovenia, there is a multi-stakeholder policy and advocacy body called the **Council of Social Economy**. It is composed of representatives of all ministries (except the Ministry of Foreign Affairs), two representatives of social enterprises, one representative of social partners and one expert. Its main purpose is to design the policies for development of social entrepreneurship.²⁴

In France, there is a special body that reports to the Prime Minister and is chaired by the Minister of Social Economy called **The High Council of the Social and Solidary Economy**. The Council is composed of diverse representatives, including representatives designated by the National Assembly; Senate and Economic, Social and Environmental Council; representatives of public services (such as public servants responsible for social and solidary economy policies, representatives of national and regional chambers of social and solidary economy, representatives of other national consultative bodies competent to treat issues related to cooperatives, associations, foundations etc.); and also employees of social enterprises (including representatives of different legal forms of social enterprises). The High Council is consulted on legislative plans related to the social economy and contributes to the development of national strategies on the development of the social and solidarity economy.²⁵

3.1.2. Local or regional level support

Benefits to incentivize social entrepreneurship can be also introduced at the local or regional level to provide more targeted support and build closer partnerships with social entrepreneurs. The types of initiatives follow similar pattern as the state ones but are generally more oriented towards deeper cooperation between the local authorities and social enterprises. Local and regional initiatives can co-exist next to the national level support and simply complement national support schemes, or they can be introduced as standalone mechanisms.

In France, the state owned **Banque des Territoires** contributes to the financing of social and solidary economy enterprises either through direct investments or other financial tools. It supports large innovative projects throughout France and promotes continuity and solidarity between different regions. It supports initiatives that aim to interact between large and medium-sized cities and rural areas. Banque des Territoires is deployed in 16 regional directorates and 35 territories in order to be as close as possible to its clients.²⁶

In the Netherlands, about **40% of the Dutch municipalities have developed some kind of support policy** targeted at social entrepreneurship. For example, in the city of Utrecht, the local government introduced a program that aims to collaborate with social entrepreneurs, provide funding through local economic fund and introduce income tax benefits. The local municipality has also initiated platforms to connect and inform social entrepreneurs, such as Social Impact Factory.²⁷

In the Belgian Flanders region, local government adopted Flemish Action Plan towards more ethical public procurement. In Wallonia, a Decree from 2013 encourages local authorities to integrate social, environmental and ethical clauses in the technical requirements for the calls. In Brussels, the public

24 More information is available at: [Svet za socialno ekonomijo | GOV.SI](http://svet.za.slovenska.gov.si)

25 More information is available at: [Conseil supérieur de l'ESS | Portail des acteurs de l'Économie Sociale et Solidaire \(esspace.fr\)](http://conseil.supérieur.de.l'ESS|Portail.des.acteurs.de.l'Économie.Sociale.et.Solidaire(esspace.fr))

26 More information is available at: [Qui sommes-nous ? | Banque des Territoires](http://qui.sommes-nous.2|Banque.des.Territoires)

27 European Commission (2019) Social enterprises and their ecosystems in Europe. Updated country report: The Netherlands. Author: Niels Bosma. Luxembourg: Publications Office of the European Union. Available at <http://ec.europa.eu/social/main.jsp?advSearchKey=socenterfiches&mode=advancedSubmit&catId=22>

3.2. Collaboration with traditional companies

Collaboration between social enterprises and traditional companies has an increasing positive effect as our societies continue to develop. Social enterprises and traditional companies increasingly recognize the opportunities in collaborating to solve societal and environmental challenges, to share resources and to generate positive change for the society as a whole. Based on the publication developed by the Swedish Social Entrepreneurship Forum, we can observe 4 types of collaboration between social enterprises and traditional companies:²⁹

► An integrated model

This is a model where a social enterprise and traditional company have similar or shared business models or visions with shared goals of social or environmental change. Under this model, social enterprise and traditional company from different sectors work together towards achieving a positive impact, such as addressing a pressing societal or environmental issue.

Salva Vita in Hungary provides so called **Supported Employment services for persons with disabilities and their future employers**. Salva Vita helps persons with disabilities to acquire necessary skills and prepare for the job market. At the same time, they developed several services for the employers sharing the same vision of society where disabled and non-disabled people live together in an evident way and everyone has his/her important role in the community. Salva Vita provides them with services such as: recruitment and selection, job profiling, trainings and so on, so that they are well prepared to accommodate to the needs of their future employees with disabilities.³⁰

► Partnerships

Similarly to the previous model, the parties have common business model and objectives. In partnerships, they work jointly to reach wider audience and create bigger societal/environmental change. In partnerships, social enterprises and traditional companies come from similar industries and they cooperate together to address pressing societal issues through their work.

In Germany, the company called Presize.ai solves **one of the biggest ecological problems of the fashion industry - returns of clothes bought by the customers**. According to Presize.ai, each return shipment generates an average of 500 grams of CO₂. With several hundred million returns per year, billions of tons of CO₂ are generated. Every second return is made because of the wrong size. Using a precise body scan method, Presize.ai enables more precise size recommendations and thus minimize the number of returns. Recently, Presize.ai created a partnership with a large dirndl e-shop in Germany. Thanks to Presize.ai technology, the return rate of the e-shop dropped significantly, which had a positive impact on the customer satisfaction as well as on the environment.³¹

► Buying products or services

Under this model, the traditional company buys products or services from a social enterprise in order for both of them to achieve positive results and create positive social/environmental change. Under this model, products or services contracted from the social enterprise do not necessarily have to be related to the core activities of the traditional company.

²⁸ European Commission (2020) Social enterprises and their ecosystems in Europe. Updated country report: Belgium. Authors: Marthe Nysens and Benjamin Huybrechts. Luxembourg: Publications Office of the European Union. Available at <https://europa.eu/!Qq64ny>

²⁹ Social Entrepreneurship Forum: Collaboration creating positive change: Business for good, 2020. Available at: [Business-for-good_eng.pdf](https://se-forum.se/business-for-good_eng.pdf)

³⁰ More information is available at: [ENGLISH - Salva Vita](https://se-forum.se/business-for-good_eng.pdf)

³¹ More information is available at: [presize.ai - About](https://se-forum.se/business-for-good_eng.pdf)

In Czech Republic, work integration social enterprise Spirala provides its services to the traditional company Vyncke specializing in creation of green and clean energy from biomass and waste. Vyncke reached out to Spirala in order to contract their **gardening services and support the employment of persons with disabilities**. Thanks to this cooperation, Spirala was able to offer 3 part time contracts to person with disabilities from the Salezian region.³²

► Supply chain

Model of collaboration where a social enterprise is part of the supply chain of a traditional company and a traditional company buys products/services to both produce its own products/ provide its own services and achieve a positive change. Under the supply chain model, social enterprises are providing services or selling goods that are inherently relevant and necessary for the traditional company to provide its own services/supply own goods.

Protectors Association (Zakrilnitsi) was established in 2015 in Montana, Bulgaria. Their mission is to support the social integration of children and youth from marginalized groups. They provide social services with the aim to help young people. As part of their work, they want to help young get work habits and opened a social enterprise in which they engage them. They started producing souvenirs but then they decided to start production of honey. This, however, does not allow for regular work as you do not have to take care of the beehives every day. That is why they decided to also start another type of social enterprise – **packaging services**. At the end of 2020, Protectors Association entered into an agreement with one of the biggest companies in the region – the producer of car batteries (accumulators) Monbat. They agreed that Protectors will fold the packages for the accumulators. In just a few months since starting the new activity, the social enterprise has folded more than 200 000 packages.

The municipality provided the premises where the packaging takes place and the association renovated it with donor funds.³³

3.3. Mixed collaboration models

Multi-stakeholder collaboration models are designed to achieve positive impact and benefit to all parties, as well as to the society in general. They typically involve public and private actors that are interested in supporting social entrepreneurship through joint resources or activities. They can take many forms, including social impact bonds, public-private foundations, dedicated loan systems and others.

In Belgium, the first social impact bond was launched in 2014 and brought together actors from the public sector and social investors to resolve unemployment issue among young migrants in Brussels. They selected a Brussels based non-profit called “Duo for a job” to develop a tailored program for migrant workers and help them integrate in the job market. These activities were financially supported by the capital raised from the social investors and this investment will be returned by the Brussels region to the extent the selected organization will be successful in addressing the issue in the city.³⁴

The Third Sector Reform Law in Italy has established a foundation based on public-private partnership called Fondazione Italia Sociale. The foundation is funded through both public and private funds, and by acting as a market champion in social innovation it aims to build confidence in the sector and attract more resources. The foundation also triggered a shift in the procurement processes of public authorities by developing payment-by-results funding schemes.³⁵

32 More information is available at: [Spolupráce s Vyncke \(spirala-ops.cz\)](https://spoluprace.s-vyncke.cz)

33 More information is available at: [Сдружение Закрилници | My WordPress Blog \(zakrilnitsi.com\)](https://zakrilnitsi.com)

34 European Commission (2020) Social enterprises and their ecosystems in Europe. Updated country report: Belgium. Authors: Marthe Nys-sens and Benjamin Huybrechts. Luxembourg: Publications Office of the European Union. Available at <https://europa.eu/!Qq64ny>

35 EVPA: The Third Sector Reform in Italy, 2018. Available at [Policy Nexus -IT The Third Sector Reform 2018.pdf \(evpa.eu.com\)](https://evpa.eu.com)

4. RECOMMENDATIONS

Based on the above, we have identified the following recommendations to consider in the Ukrainian context:

Recognize and promote social enterprises: The economic and social value of social enterprises is undoubtedly significant, with a growing recognition of their key role in tackling societal and environmental challenges. To boost up social entrepreneurship in Ukraine, you may look into comparative examples of how the value of social enterprises can be recognized and social entrepreneurship be further promoted. In case a decision is made to adopt a definition, it should incorporate common criteria for social enterprises, including governance (e.g., democratic decision-making power, autonomy), economic (e.g., limited distribution of profits, provision of goods/services) and social criteria (primary social aim). The definition should be formulated in a way that it does not inhibit any organization to be recognized as a social enterprise because of a legal form in which it operates.

Set up a support mechanism that enables rather than restricts social entrepreneurship: There is no unified approach in designing a support mechanism as various local preconditions should be taken into consideration. Besides the economic, social and cultural traditions of the country or region, the existing laws and policies and the needs of the sector must be taken into account. It is essential that the selected mechanism provides clear and easy-to-implement benefits in order to stimulate the development of social entrepreneurship.

Support development of social entrepreneurship at all levels: Benefits can be provided across levels and sectors. State support at the national level mechanism can function well to provide financial support and boost recognition of social enterprises among the wider public. Local level support could complement such national level mechanism and respond better to the needs of the sector in the specific region or area. All benefits should be easy-to-implement and should not create an additional burden for interested parties – local social enterprises.

Explore opportunities for cooperation with traditional companies: Cooperation with traditional companies can be an interesting pathway to explore in order to boost social entrepreneurship, especially at the local level. It may be beneficial to look into experiences of social enterprises from different corners of Europe and lessons that they have learned when building relationships with traditional companies. Country contexts and regulatory/policy frameworks should be taken into consideration, too.

ANNEX I. Overview of relevant laws and policy documents per country

▶ **Bulgaria**

Social Services Act

▶ **Denmark**

Social Enterprise Law no. 711/2014

▶ **Estonia**

National Development Plan for Civil Society 2015–2020 by the Ministry of the Interior
Well-Being Development Plan by the Ministry of Social Affairs 2016–2023

▶ **France**

Law No. 2014–856 from July 31, 2014 on Social and Solidarity Economy (French)

▶ **Italy**

Legislative Decree 112/2017

▶ **Lithuania**

Concept of Social Entrepreneurship No 4–207

Law on Social Enterprises No IX–2251

▶ **Poland**

National Programme for Social Economy Development of 2014–2018 and 2019–2023)

▶ **Romania**

Framework Law on Social Economy no. 219/2015

▶ **Slovakia**

Social Enterprise Act no. 112/2018 Coll.

▶ **Spain**

Law 5/2011 on Social Economy (Spanish)

Law 9/2017 on Public Sector Contracts

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