



# Stakeholder Brief 1

## Executive summary

This first Empower-SE Stakeholder Brief synthesizes the main results of the work carried out in the framework of the meeting of Working Group 1, on the “Theoretical Foundations of Social Enterprise (SE)”, which took place in Lisbon in winter 2018. The reflections shared here are intermediate results, as research is still ongoing; final results will be presented in various final publications. This first meeting highlighted the fact that historical contexts—such as state socialisms in countries of Central and Eastern Europe (CEE)—influenced the development of the SE field, but also that current (sometimes restrictive) policies limit the room for civil society to act in the social enterprise field. We first offer some brief country summaries, including reflections on some empirical forms and institutional realities that are currently emerging or consolidating in the countries covered. Secondly, we provide an overview of relevant EU policy, with a view to connecting to some policy discussions at the national and local levels.

## The multidimensional reality of social enterprise in Central and Eastern Europe<sup>1</sup>

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### 1. SE Research: the importance of geographical and institutional contexts

The notion of social enterprise (SE) is increasingly used or referred to in various contexts and debates. Social enterprises combine entrepreneurial dynamics to provide services or goods with the primacy of social aims. They can be found in all sectors (public organizations, conventional enterprises, cooperatives, associations, etc.), they combine different types of resources (market, public and philanthropic resources) and they are active in numerous activity fields. Given the socio-

political and allegedly transformative nature of the “social enterprise” concept, many find it truly inspiring. For others, the phenomenon remains too broad, or even too complex, and undefinable. In our view, such a situation requires a serious effort to provide a comprehensive and open analysis of the phenomenon in Europe, understood in a broad sense as the region comprised of all the countries participating in the COST Action Empower-SE<sup>6</sup>. In addition, we consider that this effort should also take into account the global landscape of SE development and that it would benefit from comparative analyses with countries beyond Europe.

Although some countries have already had the chance to undertake comparative analyses with countries beyond Europe<sup>7</sup>, it appears that the process of knowledge production suffers greatly from a severe geographical fragmentation. To date, the reality of SE in Central and Eastern European countries still remains to be explored. We thus take the opportunity represented by this note to highlight the three-fold nature of the SE phenomenon.

In this stakeholders' brief, we will shed some light on the different ways in which SEs are theoretically defined (if they are at all) in COST Inclusiveness Target Countries (ITC), their different empirical forms (legal forms and sectors) and, finally, the various institutional regulations that frame their activities.

In doing so, we remain focused on both scientific agenda criteria leading our work: on the one hand, the context-sensitive dimension of our work, and on the other, the pluralist epistemological approach. Both are at the basis of our EMPOWER-SE COST Action.

## **2. Central and eastern european social enterprises: the importance of concepts**

The COST EMPOWER-SE Action allowed to bring together, for the first time, numerous SE researchers from post-state socialist countries and other Western European researchers. Indeed, researchers from the following post-state socialist countries participated in this first collective effort:

- > former members of the Soviet Union (Armenia, Estonia, Georgia, Latvia, Lithuania, Russia);
- > former satellite states of the Soviet Union (Albania, Bulgaria, (Eastern) Germany, Hungary, Poland, Romania, Slovakia); and
- > former members of the Socialist Federative Republic of Yugoslavia (Bosnia and Herzegovina, Croatia, former Yugoslav Republic of Macedonia, Serbia, Slovenia).

### **Former members of the Soviet Union**

In **Armenia**, there is no common understanding and definition of SE. Some civil society organizations consider that SE refers to commercial activities generating income aimed at fulfilling their social objectives. For some others, SE is synonymous with community development and job creation for vulnerable people. Different donor organizations and project implementers define or understand the SE concept in a still different way. In academic and public forums, there are other terms that are widely used to describe socio-economic organizations that are connected neither with the public sector nor the private for-profit sector: "civil society" and "civil society organizations", "non-commercial" and "non-profit", "cooperative development" and "community development". Several SE development and mapping projects were carried out in Armenia with the support of Eurasia Partnership Foundation, USAID and others. The following SE models were identified in Armenia, based on various common characteristics: public service provision social enterprises, corporate foundations, enterprising civil society organizations, cooperatives and social start-up enterprises. However, the organizations that were considered as SEs corresponding to one of the abovementioned models and organizations identifying themselves as social enterprises did not, in most cases, meet the "ideal-typical" dimensions of social enterprise as described by EMES. Only a few organizations, among all these, can be considered to some extent as "real" social enterprises, characterised by: a continuous activity of production of goods/provision of services; some amount of paid work; a participatory decision making; a limitation or ban on the distribution of profit; organizational autonomy. An important element that has been influencing SE development in Armenia during the last decade can be highlighted: the Armenian diaspora's influence on and engagement and investments in the social economy. Several diasporan Armenians—bringing in a solid experience in business and finance management, filled with patriotism and the desire to give something back to their motherland, and willing to make a positive change in Armenia—

initiated various successful projects and foundations which are managed like SEs.

Two types of social enterprise exist in Estonia, and each of these two types includes work integration social enterprise (WISE) forms of SE. One type provides products and/or services with a societal-benefit dimension, and they operate on the marketplace so their major clients are individuals. The other type acts according to the "social-democratic model", in which the state handles overall welfare. This implies that the main clients of social enterprises are the state or local governments. In Estonia, there is no special legal form for SEs, and whilst most SEs are NGOs, some are foundations and others, private limited companies. One reason accounting for the choice of one or the other legal form is the quite different funding options for the different types of organization in Estonia. For instance, the Good Deed Foundation finances those organizations that offer services to individuals and are sustainable in the market (liberal approach), while the National Foundation of Civil Society prefers to support those organizations that have an actual contract with a public institution (e. g. a local municipality).

The term "social enterprise" has only very recently been imported to **Georgia**, gaining recognition only from around the last decade. Interest in the concept was fueled by the shift of international donor activities. As Georgia achieved middle-income status, donor grant funding to non-governmental organizations (NGOs) also started to reduce, leading many NGOs to look for alternative sources of income, and particularly to the sale of goods and services, within an SE framework. While the term may be new, the concept is not, and it is interesting to note that, as donor interest in the concept increases, a number of existing organizational types have started to consider re-defining themselves using this term. Most SEs are being established under the form of NGOs, due to the gap in legislation. Only some of them prefer to be established as a limited liability company (LLC). Recently, the coalition of local and international NGOs has been lobbying for the adoption of legislation on SE, which will enable the

concerned entities to register officially as SEs. The amendment is currently under discussion at the Parliament. SEs operating in Georgia experience the same types of constraint as enterprises in many other countries. Access to finance, enhanced skills and capacities and legislative support coupled with encouragement from the general public are crucial for the successful operation of inclusive businesses and for enabling them to achieve larger-scale social impact.

SE is still a rather new concept in **Latvia**, yet SE-type organizations are developing quickly, raising interest from stakeholders at all levels. In practice, SEs in Latvia mainly emerged from associations and foundations. However, according to the Social Enterprise Law (2018), a SE is a limited liability company with a special SE status. It is estimated that up to 200 SEs operate in Latvia. However, official statistics identify only 32 companies that have received *de jure* SE status. So far, little research has been done that would clearly specify the characteristics of the industry and its impact. Most SEs are relatively new, having been established only within the last 3 to 7 years, and they usually do not employ more than 10 people. Significant support for SE development is provided within the grant program implemented by the Ministry of Welfare in cooperation with ALTUM, a state-owned development finance institution.

In **Lithuania**, the Law on Social Enterprises was adopted in 2004 already. This law recognizes and supports only one form of enterprise, namely work integration SEs, which aim to employ persons belonging to their target groups. This has led to a very narrow understanding of the SE concept, according to which SEs are only identified with WISEs. Active civil society organizations noticed this discrepancy between the Lithuanian understanding of the concept, and the broader one prevailing at EU level, and this generated debates on the need for a broader definition of SE in Lithuania. In 2015, these debates resulted in the development of the document "Conception of Social Entrepreneurship". This document confirmed the importance of social entrepreneurship at the political level. However, it did not solve the question of the definition

of SE, nor did it create a suitable legal and tax environment for the development of SEs. This has led to a situation where many SEs are currently not legally recognized and only exist de facto, mainly as non-profit organizations. However, the legislation on SE is currently entering another "round", as a new law is now under consideration.

In the **Russian Federation**, SEs are usually associated with socially conscious small and medium enterprises. Civil society only plays a minor role in the SE field in Russia. The major drivers of social entrepreneurship are the state and leading corporations. The state is interested in developing social entrepreneurship as an alternative tool for solving social problems. Therefore, the Ministry of Economic Development provides financial and institutional support for socially-oriented small and medium enterprises aiming to solve the social problems that are officially acknowledged and "listed" by the state. Beyond the state, large corporations, such as Severstal, RUSAL, LUKOIL, SUEK, Metalloinvest and Norilsk Nickel have been providing targeted support for SEs since 2010. The leading non-governmental center for social entrepreneurship development in Russia is the Fund of Regional Social Programs "Our Future" ([www.nbfund.ru](http://www.nbfund.ru)), the family charity foundation of Vagit Alekperov, who is the president and a leading shareholder of LUKOIL.

### Former satellite states of the Soviet Union

**Albania** is currently discussing the adoption of a SE law. In this country, SE is not associated with a legal form; it is rather a status, which organizations can obtain upon application, based on specific criteria. There is no comprehensive study of SE in Albania outside the ICSEM survey, in the frame of which 30 full interviews have been completed. Moreover, the ongoing European mapping of SE aims to update the existing mapping efforts in all 28 Member States and neighboring countries, including Albania.<sup>9</sup> Apart from the legislative process currently under way, nothing currently exists to support SEs. The question of whether social organizations should be able to generate revenues to support their mission and be able to

reinvest their surplus constitutes the core of the public debate on SE in Albania.

Regardless of century-old traditions in the cooperative movement and the upward trend in the number of social organizations after the fall of communism (in 1989) and more specifically in the process of EU integration, the development of SE in **Bulgaria** is lagging behind many other European countries. Cooperatives are still related to the socialist and statist past of the country and are considered incompatible with the market economy. The process of EU integration has given a strong impetus to the creation of SEs. It is noteworthy that new forms of SE (especially foundations and associations) have emerged and developed in the country from the 1990s onward. Moreover, the weakness of the welfare state and with increasing societal challenges (such as rising poverty, inequality and social exclusion) have encouraged the establishment of different forms of SE. In recent years, the elaboration and coordination of the national policy on the social economy and SEs has been assigned to the Ministry of Labor and Social Policy. The adoption of a legal definition of SE is acknowledged to be the first step for their identification.

The reunification of Germany resulted in the assimilation of the **East German** (new) federal states (Länder) into the Federal Republic of Germany. Relying on postcolonial theory, Kathrin Hörschelmann (2001) points out how dominant reflections on the post-unification of Germany marginalized the East German perspectives, values, norms and institutions. Fitting into this line the institutional background of social enterprises is rooted in the West German welfare state (Birkhölzer et al. 2014). Compared to other post-state socialist CEE countries, East Germany was integrated into a country with a strong institutional system for welfare provision; and even though East Germans struggled in using the given framework for civic engagement, civil society was an integral part of the German welfare state. Unlike in Hungary, the German welfare state still provides space for dialogue and partnership with the civil actors. In parallel, the ongoing cuts in public expenditure gave

rise to new philanthropic initiatives, and especially to a boom in the setting up of new foundations, funding initiatives and social sponsoring giving rise to social business-like social enterprises in the last 10 years (Birkhölzer 2015).

In **Hungary**, even though public and non-governmental funding programs or other types of supporting activities are available, SEs are financially rather fragile. Public support structures are often not transparent, they are too bureaucratic, and they are not based on local needs. There is an overreliance on project-based funding and a fragmentation in access to funding on a statutory basis. The sector is “polarized”, as close-to-state organizations are often preferred over traditional civil society organizations. When it comes to market-based funding, the population's purchasing power—and, consequently, social enterprises' market potential—is low, especially in those disadvantaged regions where social entrepreneurial activities would be particularly relevant. Although a stronger market orientation of Hungarian SEs appears desirable in several aspects, many SEs—especially among those emerging in disadvantaged regions—would most probably not be able to survive solely off the market. Even though the social cooperative legal form has existed since 2006, it does not provide space for autonomous civilian action.

Neither a formal definition of SE nor a legal framework exclusively designed for these entities has yet been introduced in **Poland**. However, Poland is currently discussing both these aspects, within the framework of the Project Act on the Social and Solidarity Economy (2017), which—similarly to former public efforts aimed at regulating SEs—introduces a SE label for entities operating under different legal forms and meeting particular criteria. It is promising that current works seem to open the door for some legal forms that were excluded by the previous frameworks (National Program for Social Economy Development, 2014) and could not be recognized as SEs due to the adoption of too restrictive economic criteria (which required SEs to be non-profits, not performing any economic activity). Poland witnesses a strong

tendency to conflate SE with WISE, thus leaving the full potential of SEs unacknowledged. Public financial support system for Polish SEs is modest, fragmented and tailored mainly to the different legal forms under which SEs operate; however, some limited funds exclusively intended for SEs, based on European Social Fund (ESF), are provided as well. According to the Social Business Initiative (SBI) definition, four types of SEs operate in Poland: social cooperatives, entrepreneurial non-profits, vocational activity establishments, and non-profit companies. Social cooperatives, which were legally introduced in 2006 and should be regarded as SEs per se, received much social and political recognition, and therefore seem to be in a much better position than SEs operating under other legal forms. In comparison to other CEE countries, Poland has developed a public system of constant monitoring of SEs, which provides quantitative data regarding different aspects of SEs' existence.

In **Romania**, SEs are still in an incipient stage of development and they are currently undergoing an institutionalization process. After five years of policy consultation process, Law 219/2015 on the Social Economy was enacted, providing legal recognition for SEs, but the perspectives for sustainable growth of SEs are hindered by a series of structural and contextual elements. The availability of funding for SE development is still very fragile: on the one hand, the main public support schemes for SEs are limited to European funding; on the other hand, financial instruments are not available to SEs, and the recently adopted procurement legislation impacting the area of general interest services has yet to be fully implemented. Moreover, the awareness and understanding of the SE concept remain limited. Decision makers and the general public have a poor understanding of the identity of these organizations or of the way in which they contribute to societal aims. Despite the legal recognition of SEs, their networks and coalitions have shown weak advocacy capacity in promoting a strong image of what SEs are and how the general public may benefit from their existence.

Due to the fragile financial situation of NGOs, municipality-based SEs dominate the SE field in Slovakia. Municipality-based SEs, which may have different legal forms, are integrated into local development plans and are rooted in the country's "National Employment Strategy" and "Roma Integration Strategy". As far as Roma integration is concerned, the discrimination of Roma that characterizes the situation in the field in CEE (and beyond) has to be considered. Scheffel (2005) argues that the EU-inspired democratization of Slovak local municipalities provides only limited room for Roma advocacy and enables the local elite to further marginalize the Roma. The possibility to reproduce or to counteract inter-ethnic marginalization must therefore be studied in the context of the recently (May 2018) accepted Law on the Social Economy and Social Entrepreneurship.

### **Former members of the Socialist Federative Republic of Yugoslavia**

In **Bosnia and Herzegovina (BiH)**, the image of a wayfaring, uncharted territory was offered to describe the situation of SE. In addition to a lack of clear conceptual view on what constitutes a SE, the sphere of influence where SE could potentially develop is very institutionalized. Cooperatives are not very numerous outside the agricultural field and they are not perceived as being part of the social economy. During the socialist period, associations and other organizational forms emanating from civil society were considered as an extended arm of the state, thus discouraging entrepreneurial behavior. Despite the existence of some local efforts to regulate the field, they lack coordination. Indeed, official documents make limited attempts to marry the wealthy body of knowledge developed across Europe and local circumstances. There is apparently no public debate on SE at the moment, and discussions around the topic do not cover issues like participatory governance: they focus on how to overcome the oligopoly of external funds fueled in the 1990s and 2000s.

In 2015, **Croatia** adopted the Strategy for Social Entrepreneurship Development; this represented an institutional acknowledgment of SE, and it resulted

in increased expectations from different actors around SE. There is no legal form or legal definition of SE in Croatia yet, but the Strategy proposed a definition, aligned with the EU definition of SE, and nine criteria that should be met for an entity to be recognized as a SE. However, poor implementation of the Strategy caused overall disappointment. The application of the nine criteria turned out to be too complicated, and institutional actors lacked the capacity to implement the Strategy. In addition, an unfavorable political climate and an absence of political will to prioritize SE development in the policy agenda characterize the current situation. Despite existing legal disadvantages and the lack of institutional and financial support, interest in social entrepreneurship and SEs is still growing in several areas of the ecosystem. The country witnesses the emergence of new SEs, new courses and educational programs, some SE incubators and accelerators and other financial and support programs, developed mainly in an intermediary sector.

The concept of SE emerged in **Macedonia** around 2008-2009 and is still considered as a relatively new phenomenon. SEs have received greater attention in the past years, though, mainly through the work of civil society organizations, international organizations and the donor community. Despite the lack of a specific enabling policy environment, there has been a growing awareness of the concept and a growing number of SEs, especially in the past eight years. So far, no specific law on SE has been passed yet in the country: the second draft Law on Social Entrepreneurship was proposed in 2015, but it has not been adopted yet. Providing an estimate of the scope and size of the sector in the country is challenging, since there is no official national registry of SEs and there is only a limited body of research upon which to base estimates. Based on recent findings, the most common types of SE in the country are: 1) non-profit organizations registered as associations of citizens or foundations; 2) cooperatives (predominantly agricultural cooperatives and a few consumer cooperatives with a social mission); and 3) companies with a social business model. SEs are mostly active in the areas of education, health, social work and agriculture.

In **Serbia**, a couple of mapping projects conducted in the mid-2000s and financed by the Swedish International Development Cooperation Agency (SIDA) and the United Nations Development Programme (UNDP) helped the SE concept to become politically accepted. Despite struggles with civil society organizations active in the sector, a Law on Social Entrepreneurship is developing slowly. Serbian SEs are rooted in both traditional and new organizations. Cooperatives and enterprises for the social and professional integration of people with disabilities are traditionally recognized in Serbia, but they are usually referred to using their original names, and not labelled as “social enterprises”. New organizations, such as NGOs, spin-offs, development agencies and business incubators are also appearing in the SE landscape of Serbia. Today, when people use the term “social enterprise”, they usually think of NGOs performing economic activity or spin-offs established by an NGO. There is a continuous financial support for SEs, but it is based mostly on international donors’ support, not on banks and only rarely on public sector’s support.

To sum it up, CEE researchers agreed that, although state socialism had different faces in the different countries, it significantly influenced the contexts for SE development in CEE. First, concepts tightly connected to SE, such as “social”, “solidarity” or “cooperation”, cannot be understood without considering the state socialist legacy. The second fact on which CEE researchers agreed is the dominance of municipality-based SEs and the democratic deficit in institutionalizing SEs. In short, there is an urgency for Eastern and Western European SE researchers to engage in a dialogue with a view to finding a conceptual approach of SE that would work both in Eastern and Western Europe, while acknowledging the contextual differences between the different parts of the continent.

### 2.1. The meaning of “social” and “cooperative” in CEE

In CEE countries, the social dimension of organizations is still often associated with socialism or obligatory solidarity. Civilian initiatives were “depoliticized” in the period of state socialism. During that period, and even though the system

“softened” in the 1980s, civil society organizations (be they formal or informal) could only exist if their orientations aligned with the political regime’s agenda. Put differently, they were instruments of the political regime. The state had a monopoly in social service provision, and “volunteering” was compulsory and controlled by the central state (e.g. *társadalmi munka* or “social work” in Hungary). Besides this “compulsory volunteering”, solidarity was not labelled as “solidarity”; it was practiced through mutual help in informal civilian initiatives (e.g. *kaláka* in Hungary) which were strongly embedded in kinship or neighborhood networks, as family networks continue to play an important role in social reproduction in CEE (Gagyí 2018). Other solidarity-based traditions, like the patriarchal system of *zadrugas* in Bulgaria and other post-Yugoslav countries, ceased to exist in state socialism.

In spite of the lively cooperative movement that characterized several countries of CEE (e.g. Bulgaria, Hungary, Poland, Serbia) before the second World War, forced cooperativism in state socialisms negatively influences current attitudes towards cooperatives. Outside CEE, cooperatives dominantly have a positive image of self-organized, autonomous initiatives with participative decision-making mechanisms. Researchers from CEE agreed that cooperatives in their countries were still not freed from the negative label of organizations lacking democratic governance and political autonomy. To summarize, one could say that ideas such as private ownership still raise suspicion; but on the other hand, state socialism did not provide space for bottom-up and democratically governed organizations.

### 2.2. Municipality-based social enterprises: a democratic deficit in the institutionalization of social enterprises

Many social cooperatives existing in CEE can be considered to be public sector SEs (for a SE typology, see Defourny and Nyssens, 2017). The legal form of social cooperative was introduced and supported through EU-based funds after 2004 in some CEE countries (e.g. Hungary and

Poland). These organizations are rarely rooted in autonomous civilian initiatives and seldom have participative decision-making. The legal framework also influences the extent of political autonomy enjoyed by an organization. In Hungary, for example, the recently accepted amendment<sup>9</sup> does not make it legally possible for social cooperatives to be fully independent from local municipalities or from state-accredited charities.

In comparison to Hungary and Poland, social policy in Serbia, Slovakia and Slovenia seems to be rather restrictive insofar as it privileges municipality-related SEs expected to tackle the challenge of long-term unemployment in structurally disadvantaged regions. Privileging public-sector SEs in policies within and beyond CEE could lead to the degradation of civilian-based SEs and thus to low diversity within the SE field. Public-sector SEs are often dependent on the (local or central) state; they are also characterized by an uneven distribution of power within the initiatives, so that developing democratic governance within this type of SEs is challenging.

### 2.3. Researchers in search of both conceptual consensus and contextual

The two intensive days of debate and exchange clearly highlighted the willingness of the SE community represented at this meeting to better understand SE. All the different presentations translated, each in its own way, the researchers' feeling of diversity, complexity and, in some cases, discomfort in using the term "social enterprise". The epistemological pluralism that characterized these sessions allowed for the fruitful result of an ambiguous and conflictual experience. While the need for a basic conceptual consensus around SE was clearly expressed, the need to preserve the contextual sensitivity of the concept was also evident. The joint meeting between CEE researchers and their Western European counterparts showed how important it is to capture the historical background of a particular concept: such sensitivity towards the social embeddedness of SE can help all concerned stakeholders overcome their lack of familiarity with the subject.

Having said that, such a sensitivity does not keep researchers from dealing with important intellectual challenges. This first meeting of Working Group 1 of the Action has shown the importance of definitional and methodological issues. In the absence of a shared understanding of SE, not only within the research community but also between researchers and civil society, robust research and, therefore, international comparisons are hard to find.

A notable exception to this lack of shared definition is the 2014 SE Mapping study by the European Commission although it constitutes a different exercise from the one carried out within EMPOWER-SE. This study reported that 20 countries out of the 29 mapped had an official national definition of SE, while nine did not. "In Finland, Lithuania, Poland, Slovakia and Sweden, the notion of SE as articulated in national laws and/or policy documents narrowly focuses on work integration social enterprises (WISEs). Some countries created legal forms for SEs (Belgium, Croatia, Denmark, Finland, Latvia, Lithuania, Luxembourg, Slovenia) or introduced specific SE marks or certification schemes (Finland, Germany, Poland and the UK). However, most European SEs are 'hidden' among other existing legal forms, like associations and foundations, cooperatives or mainstream enterprises with a predominantly social aim". An update of this Mapping study is currently underway and its results will provide an updated picture of the situation of SE in the European Union.

Although there is still a long way to go, the EMPOWER-SE's spirit of epistemological pluralism should meet expectations from stakeholders and policy decision-makers. The meeting has demonstrated how intellectually rigorous results can bridge the (unfortunate) gap between the academic and political agendas.

### 3. A short overview on the host country, Portugal

There is no specific legal form for or broadly agreed-upon definition of SEs in Portugal. Research on SE is scarce, and different studies or research projects use different definitions of the concept. The



concept is mostly absent in the discourses of public authorities, which prefer to use the term social economy. This latter concept was strengthened by the recent Framework Law on the Social Economy and the setting up of CASES (*Cooperativa António Sérgio para a Economia Social*, a cooperative supporting the social economy sector), of the CNES (National Council for the Social Economy, a consultative body) and of a Satellite Account of the Social Economy. For some actors, SEs are social economy organizations and, therefore, there is no need for a specific legal framework for SEs.

Another concept which became popular, particularly during the last major financial crisis, was that of social entrepreneurship, due to the attention of both the academia and the government, with measures and discourses supporting social entrepreneurship as one solution to the crisis. SEs are often defined as “what social entrepreneurs do”. One of the streams of thoughts about the concepts of social entrepreneurship and SE emphasizes market models and resources (particularly as an answer to the lack of resources of social economy organizations) and social business (due to the emerging interest from the commercial sector).

The lack of organization and mobilization of civil society implies that the emergence of the concept of SE—as other concepts—is not so much the outcome of civil society mobilization as it is the result of the influence of European policy frameworks and of the work of consultants. References to SE are mostly found in EU documents and in EU structural funds operational programs. The amendment of the Portuguese Code of Public Contracts, in 2017, also included the concept of SE.

This brief overview of the Portuguese landscape demonstrates the need for research on SE in the country; such research should aim to account for the concept's relations with other concepts and organizations in the field of the social and solidarity economy, and with emerging socially innovative initiatives aiming to tackle social and societal challenges.

EMPOWER-SE and the meeting in Lisbon represented one step towards deepening the interest for and knowledge of SEs, both among academics and among stakeholders from the public and the social and solidarity economy sectors. The presence, as observers, of representatives of some of these stakeholders, such as CIRIEC-Portugal, CASES, CONFECOOP, ANIMAR, Montepio Mutual Association and Calouste Gulbenkian Foundation constituted the starting point for a dialogue that now has to be pursued.

#### 4. Relevance of policy-making at the EU level

Policy makers at EU, national, regional and local levels increasingly recognize the role that SEs (and organizations in related areas, such as the social and solidarity economy or the third sector) can play in tackling societal and environmental challenges and fostering participation. The response offered by policy makers usually takes the form of legal frameworks, policy initiatives and support mechanisms for SEs.

SE gained recognition in the CEE region right after the accession of 10 new EU Member States, and SE initiatives were rapidly integrated into the EQUAL Community Initiative (2002-2008). EQUAL had a €3 billion EU budget and it recognized the potential of the social economy and SEs to promote employment and social inclusion and reduce inequalities in the labor market. The social economy was one of EQUAL's nine themes, with a focus on the creation of businesses and the promotion of the entrepreneurial spirit.

The first policy package developed by the European Commission to support the social economy and SEs was the Social Business Initiative (SBI), which was launched in November 2011. The SBI aimed to contribute to the development of socially innovative enterprise projects, to introduce new investment and financing models for social entrepreneurs and enterprises to support their typical hybrid funding model, and to push for greater consideration of social aspects in public procurement practices (European Commission 2011). CEE countries were present in the SBI and a large European

gathering of the social economy was organized in Slovakia in December 2017. CEE countries were also represented in the consultative multi-stakeholder group on social enterprise (GECES), which included representatives from all Member States and European civil society and which aimed to examine the progress of the measures envisaged in the SBI. The SBI put SE on the political agenda of the Member States, particularly in the areas of regulatory and legal frameworks, access to finance, and enhancement of recognition and visibility.

As we have seen in this brief, several CEE countries launched policy actions to support SEs along those three action lines. However, government attitudes towards civil society determine institutional realities and policy frameworks and therefore significantly influence the room for maneuver for civil society within the SE field. While, in some countries (e.g. Nordic countries), civil society is considered as a strategic partner of the state in developing the SE field, in other countries (e.g. Slovakia and Poland), civil society has a rather marginalized position and its contribution to the SE field is hindered by its limited access to public funding. In addition to that, in certain cases (e.g. Russia and Hungary), civil society is stigmatized by the state for accepting funds from foreign donors. An example of a relevant policy area for SE where states have room for proactively supporting SEs is the case of social public procurement. The Directive published on 2014 offers detailed suggestions to public authorities on how to design and introduce socially responsible public procurement of services, which in turn is modelled after European social policy, in an attempt to harmonize policy objectives in the different Member States (European Commission, 2014).

Whether there will be a follow up of the SBI is yet to be confirmed. In the meantime, the social economy and SEs continue to be recognized as allies in the building of a smart, sustainable and inclusive Europe. Indeed, the "Start-up and Scale-up initiative" includes the development, as of 2017, of new measures on access to markets and finance; framework conditions; new technologies and business models; and an international agenda. Significant support is currently to build social

finance markets through the development of new social-impact financial instruments.

There are other important players at the EU policy level, such as the OECD or the European Economic and Social Committee. The former conducted in-depth country reviews of the Czech Republic and Croatia in 2015-2016 in collaboration with the European Commission, while the latter assessed the implementation of the SBI and is trying to refocus the idea of democratic values and participation when talking about the social economy.

## 5. Conclusions

The very adequacy of the social enterprise concept to understand the diversity of social and solidarity economy initiatives will continue to be tested in the coming years in the CEE region and beyond. However, in contrast with many Western European countries, the CEE region is on the semi-periphery of the global economy, is affected by the historical legacy of state socialism and faces authoritarian regimes endangering its vulnerable democracies and civil societies. These circumstances create a different set of conditions to be studied by social scientists when trying to join an already existing debate on social enterprise with a clear Western continental Europe and an Anglo-Saxon approach.

Bridging endogenous perceptions and notions that could be relevant for the conceptualization of social enterprise at the global level is part of the goal of the EMPOWER-SE Action. The unique value is that it will be early-career researchers who will "joining this discussion" and providing their own vision on social enterprises, avoiding the too often risk of knowledge colonization and doption of endogenous concepts that do little service to the policy-making and practice of the concerned countries.

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## Acknowledgements

The authors of this Stakeholder Brief relied on papers and presentations prepared for this meeting and would like to thank the participating researchers for their input, in particular Vardan Urutyan (Armenia), Tsvetelina Marinova (Bulgaria), Davorka Vidović and Danijel Baturina (Croatia), Mervi Raudsaar and Roger Evans (Estonia), Maia Giorbelidze (Georgia), Lāsma Līcīte (Latvia), Audrone Urmanaviciene (Lithuania), Anna Ciepielewska-Kowalik (Poland), Mihaela Lamburu and Claudia Petrescu (Romania) and Marija Bashevaska (Serbia). In addition, they would like to thank the EMES Coordination Unit and its collaborators for the work done with the language and graphic editing of this document.

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<sup>6</sup> See the Action website at [www.empowerse.eu](http://www.empowerse.eu).

<sup>7</sup> See the work carried out in the framework of the ICSEM Project (2013-2018) at <https://www.iap-socent.be/icsem-project>.

<sup>8</sup> For a description of this project, see <https://emes.net/research-projects/social-enterprise/eu-mapping-mapping-study-on-social-enterprise-ecosystems-update-part-2/>

<sup>9</sup> Act CXLV of 2016 on Modifying Certain Employment-related Laws.