



A map of social enterprises and their eco-systems in Europe

Country Report: Romania

European Commission

This report provides a non-exhaustive overview of the social enterprise landscape in Romania based on available information as of August 2014. Although a range of stakeholders were interviewed to verify, update and supplement the information collected from secondary sources, it was not possible to consult all relevant stakeholders within the constraints of the study.

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Headline summary

Definition(s) and concepts

There is no official or commonly accepted definition of social enterprise in Romania. However, recent efforts to create a Law on Social Economy have generated awareness and stimulated debate on the concept and the way it is operationalized. The draft law defines a social enterprise as any juridical entity of private law which undertakes activities falling under the social economy sphere and which respects the principles of social economy.

Different concepts and definition of social enterprise exist in literature. The common elements of these definitions are: (i) social mission, and (ii) the commercial nature of at least part of the activities (prevalent approach, but not uniform).

Policy and legal framework

Currently, the concept of social enterprise is not defined in legal or policy terms. A definition of social enterprise has been proposed under the draft Law on Social Economy. However, awareness and understanding of the concept of social enterprise generally remains low.

Public support and initiatives

Public policies targeting this sector either lack coherence and consistency, or are almost entirely absent. Although the authorities have shown some interest in the non-governmental sector over the last 20 years, Romania is still in a transitional and institution building phase.

Networks and mutual support mechanisms

Only a few examples of networks of social enterprises have been identified in Romania.

Marks, labels and certification systems

There are no marks or labelling schemes for social enterprises in Romania. The legal draft previously discussed has laid down some provisions on certification of social enterprises.

Social investment markets

The market for financing social enterprises in Romania is underdeveloped. The key source of funding so far has been the European Social Fund.

Spectrum of social enterprise

Social enterprises typically adopt the following legal/ organisational forms in Romania:

- Associations;
- Foundations;
- Mutual help associations / credit unions; and
- Sheltered workshops run by NGOs.

Scale and characteristics

It is estimated that there are ~7,000 social enterprises in Romania that would meet the criteria laid out by the SBI definition. Associations and foundations represent the biggest proportion of social economy entities in Romania, however in 2012 only around 12 per cent (4,058) of these performed economic activities. In 2012, the following sectors had the highest share of economically active associations and foundations: forestry (51% of total associations and foundations operated in this sector); agriculture

(31%); professional (12%), followed by education, cultural and development/tourism sectors (each with 9%).

Factors constraining the start-up and development of social enterprise

In Romania, there is poor recognition of the concept of social enterprise. Besides there is no policy framework encouraging or supporting the creation and development of social enterprises.

Access to financing and fiscal incentives are limited. Associations and foundations carrying out economic activities are treated similarly to regular companies in terms of administrative burdens and fiscal regime.

Access to public funding, except for a very few dedicated ESF grants schemes, does not place the social enterprises forms in privileged positions against regular companies.

1 Definitions and concepts of social enterprise in Romania

There is no official or commonly accepted definition of social enterprise in Romania. The proposed “Law on Social Economy” (currently subject to parliamentary approval) defines social economy as

‘the collection of activities organised independently of the public sector, which serve a general interest, the interests of a community or personal non-commercial interests through the increase of the employment rate amongst vulnerable groups and/or the production and provision of goods and services (Art 2(1)).’¹

According to the legal draft, “social economy” is based on several principles *inter alia* (Art 3):

- Priority of social objectives over profit making;
- Convergence between the interests of the affiliated members and the general interest of the society/community;
- Democratic governance;
- Distinct legal entity, with managerial autonomy and independence from the public sector.

A social enterprise is defined as any juridical entity of private law which undertakes activities which fall under the social economy sphere and which respects the above listed principles (Art 5(d)). It can include:

- Cooperative societies which operate under Law 1/2005;
- Credit cooperatives regulated by the Government Ordinance no 99/2006;
- Associations and foundations regulated by the Government Ordinance no. 26/2000, amended and completed by Law 246/2005;
- Mutual aid associations for salaried employees regulated by Law 122/1996;
- Mutual aid associations for pensioners regulated by Law 540/2002;
- Any other legal entities operating under the principles of social economy listed above.

The draft law stipulates that each social enterprise should be certified by the public employment agency at a county level.

An additional category of social enterprise namely ‘social insertion enterprise’ is also being discussed in the draft law. Social insertion enterprises must meet additional criteria e.g., 30 per cent of their permanent staff should comprise members of a vulnerable group; 60 per cent of their profits should be reinvested to support the main social objective of the enterprise (Article 11 (1)).

Academic literature on social enterprise is limited. In the literature that exists, the concept of social enterprise is variously described as follows:

- ‘...social enterprise [...] is a qualification form to which it may apply any legal form of organization, a subgroup of social economy’²
- ‘...associations and foundations are classified as social enterprises as far as they prove their ability to provide services to individuals or households in a continuous manner by selling to them or through public contracting’³

¹ Most recent version of the draft law is available at: <http://www.senat.ro/Legis/PDF/2014/14L014FG.pdf>. The draft was approved by Senate and will be discussed in the Chamber of Deputies in autumn 2014 (source: Dr Barna, 2014).

² S, Constantinescu, 2012. The Social Economy Atlas. Edition 2012, Institute of Social Economy. Available at: <http://www.ies.org.ro/resurse/cercetari/cercetari-ies/atlasul-economiei-sociale-1>

- ‘...social enterprise is the private organization seeking social impact, regardless of the nature of their activities (commercial or not)’⁴
- ‘...social enterprises are legal structures with social goals pursued through economic activities’⁵
- ‘...social enterprises are the result of implementing the social entrepreneurship’⁶
- ‘...social enterprises are income generation strategies aiming to sell a product or service in a systematic, responsible and professional manner, while being oriented toward increasing social impact of the civil society organizations and/or generate sustainable incomes in order to fulfil the these organizations’ mission.’⁷

From the above definitions, one may glean that the defining characteristics of a social enterprise – as expressed in academic literature - are as follows: (i) social mission, and (ii) the commercial nature of at least part of the activities (prevalent approach, but not uniform).

A document produced in the context of a project co-financed by the ESF Operational Programme on Human Resource Development (2007- 2013)⁸ defines social enterprise as *“an organisation with an explicit aim to ensure/ provide the welfare of the community, initiated by a group of citizens in which the material interest of capital investors are subject to limits. It is an independent organisation which undertakes the economic risks generated by the economic activity performed and involves different interested players within the community in the management bodies”*.

According to this definition, a social enterprise has the following characteristics:

- The primary mission of a social enterprise is to promote the welfare of the community;
- A social enterprise subordinates the financial interests of its investors to its social mission;
- It undertakes economic risks by engaging in economic activity;
- It is managed in a participatory manner by involving key stakeholders in decision-making processes.

The document also provides the following typology of social enterprises:

Non-Governmental Organisations (NGOs)

Associations and foundations are regulated by Government Ordinance 26/2000, completed and modified by Government Ordinance 37/2003 and by Law 246/2005. These are formally organised private entities with autonomous decision making processes and whose surplus cannot be appropriated by those creating, controlling or financing them.

There are three fields of activity for NGOs:

- Activities of general interest
- Activities in the interest of a community;
- Activities carried out in the interests of the members of the organisation (mutual organisations).

³ Ibidem.

⁴ N, Bibu, M, Lisetchi, and M, Nastase, 2012. *Intreprinderea sociala si particularitati ale managementului acesteia* (The Social Enterprise and Its Management), *Economistul*, nr. 41 (serie nouă). Available at: <http://www.economistul.ro/intreprinderea-sociala-si-particularitati-ale-managementului-acesteia-a5612/>

⁵ A, Dragotoiu, A. Marinoiu, S. Stănescu (2010) *Research report on social economy in Romania from a compared European perspective*

⁶ Fundația „Alături de Voi” România, 2011

⁷ Organizația Națională Cercetării României, Filiala Brașov "Virgil Onițiu", 2010

⁸ Guidelines on good practices for setting up social enterprises for Roma communities, 2012. Available at: http://www.undp.ro/libraries/projects/Ghid_UNDP_EN.pdf

Mutual societies or mutual aid units

In Romania, mutual societies are found as mutual aid associations for employees (CARs⁹) or for pensioners (CARPs). These are a category of non-profit organisations that operate on the basis of general legislation represented by Government Ordinance 26/2000 regarding associations and foundations, and special normative acts depending on whether they are intended for

- Employees and their unions (Law 122/1996)
- Pensioners (Law 540/2002)

The purpose of these organisations is to support and assist their members by granting loans at low interest rates; in addition, mutual aid units for pensioners also provide social, cultural and touristic services. The latter also allow beneficiaries of social benefits and the members of their families to become members.

Due to the newly proposed legislation on credit unions, the functioning of credit unions may change to allow for: : the existence of a single type of credit union; the expansion of the economic activities of the credit unions for pensioners to cover the credit unions for employees; the extension of the range of eligible members¹⁰

It has been noted that some credit unions have taken the route of micro-finance institutions. More specifically, under the framework of the first phases of European common initiative JASMINE, 6 credit unions from Romania were selected to receive technical assistance, evaluation and training to become micro-credit providers.¹¹

Cooperatives

- There are two large types of cooperative societies: cooperative societies which are established and function according to Law no. 1/2005;
- Credit cooperatives which are established and function according to the Government Emergency Ordinance no. 99/2006 regarding credit institutions and capital adequacy, with subsequent changes and completions.

According to Law 1/2005 regarding the organisation and functioning of the cooperative system, a cooperative society is defined as an autonomous association of natural and/or legal persons, established by their free consent, *with the purpose to promote the economic, social and cultural interests of the cooperative members*, being owned jointly and controlled in a democratic manner by its members, according to the cooperative principles.

Protected units

According to Law 448/2006 regarding the protection of the disabled people rights, an accredited protected unit is defined as an economic operator, public or private, with its own financial administration, where at least 30 per cent of the total employees that have individual labour contract are people with disabilities. Accredited protected units can be of two types: (a) with legal personality; (b) without legal personality, with its own financial administration, in the form of sections, workshops or other structures organised within economic operators, public institutions or NGOs, as well as those set up by an authorised disabled person, under the legal framework, to run independent economic activities.

In Romania, companies which have at least 30 per cent of their staff formed of disabled people or which contract products and services from accredited protected units prefer to register as accredited protected units because they are exempted from paying taxes if they reinvest the profit.

⁹ CAR refers to credit union

¹⁰ The draft Law regarding the organisation and operation of credit unions in Romania is available online at: <http://www.senat.ro/Legis/PDF/2014/14b019FG.pdf>

¹¹ Source: information provided by Dr C. Barna, 2014.

Various academic papers regard the above organisation types as constituents of the “social economy”¹². However, there are some differences in their specific treatment by different authors. On the basis of a review of the different conceptualisations of social enterprises/ social economy actors in existing material, a broad and a narrow spectrum can be identified—see Table 1.1.

Table 1.1 Broad and narrow spectrums of social enterprise in Romania

Broad spectrum	Narrow spectrum
<ul style="list-style-type: none"> ▪ NGOs ▪ Mutual aid associations (for employees and for pensioners) ▪ Cooperatives ▪ Protected units 	<ul style="list-style-type: none"> ▪ Associations and foundations providing social services and/or work integration ▪ Mutual aid associations for pensioners only* ▪ Credit cooperatives ▪ NGOs accredited as protected units

* *Mutual aid associations of employees assist members by providing loans, while mutual aid associations of retired persons can also carry out social, cultural, and recreational activities, provide services to the members by using the work of the retirees persons, establish shops and selling food products at acquisition prices, other social assistance services.*

Box 1 Key Findings

- The terms ‘social enterprise’ and ‘social economy’ are often used interchangeably in Romania.
- There is no legal definition of social enterprise in Romania. However, recent efforts to create a law on Social Economy have generated awareness and stimulated debate on the concept and the way it is operationalized. The majority of those who were involved in drafting of the law share rather narrow perspective on social economy/enterprises focusing on social services for vulnerable groups, more specifically WISE.
- General awareness and understanding of the concept however, remains low.
- Some forms of social enterprises have existed in the country for a long time even if they are not recognised as such.

¹² Cace, C., Cace, S., Cojocaru, S. and Sfetcu, L. (2013) Social economy in Romania – challenges and perspectives

2 The ecosystem for social enterprises in Romania

2.1 The policy and legal framework for social enterprise

Currently, the concept of social enterprise is not defined in legal or policy terms. As previously mentioned, the draft *Law on Social Economy* proposes a legal definition of social enterprise. The legal draft has been put forward to support job creation and the ESF funding for the social economy sector.¹³

Note that the legal draft proposes the establishment of a new department in the Employment and Equal Opportunities Direction of the Ministry of Labour, Family and Social Protection, responsible for the development of policies and strategies on the social economy.

The draft also stipulates the creation of a new department for social enterprises in the regional offices of the National Agency of Labour Employment, with responsibility for: the coordination and monitoring of employment agencies in social enterprise field; licensing of social enterprises and work integration social enterprises. In addition, the draft sets up a Register of Social Enterprises and a Register of Work Integration Social Enterprises.

As previously mentioned, the legal draft is yet to be approved by the Parliament. Issues which remain subject to contention include: the lack of clear/transparent criteria for the issuance of a Social Enterprise Certificate (companies may be certified as social enterprises as well if they support a social aim); no clear definition of the legal constraints on profit (re)distribution; no asset lock provisions.¹⁴ In addition, some of the more specific legal structures which meet the principles of social economy are not included in the list of legal forms e.g. agricultural cooperatives, agricultural associations etc. The law does not specify concrete support measures to develop the social economy sector and social enterprises. There is a persistent confusion between the terms of 'social economy' and 'social enterprise' (e.g. Certificate in 'Social Economy' for Social Enterprises). The draft provides to some extent clear provisions on the regulation of work integration social enterprises, but not of social economy and social enterprises. In the light of the above, the Social Economy Coalition –comprising the Civil Society Development Foundation and Romanian Network of Work Integration Social Enterprises put forward a set of amendments to be discussed further in the Chamber of Deputies.¹⁵

Generally speaking though, the legal community and policy makers in Romania lack awareness and understanding of the concept of social enterprise. There is no legal form or legal framework that is designed specifically for use by social enterprises in Romania.

Public procurement and competition rules, especially in relation to de minimis rules and state aid do not consider the particular features of social enterprises. Public procurement law allows the contracting authority the right to include in the tender dossier special requirements, such as a social purpose. However, this is not an obligation and there is no data available on the effects of this provision.

2.2 Public support schemes targeting social enterprises

Public policies targeting this sector either lack coherence and consistency, or are almost entirely absent¹⁶.

¹³ Source: information provided by Dr Barna, 2014

¹⁴ Source: Information provided by Dr Barna, 2014.

¹⁵ The explanatory note for the amendments is available online:

http://www.ies.org.ro/library/files/nota_19iun_camera_deputatilor.pdf, and the amendments are available online at http://www.ies.org.ro/library/files/lege_privind_economia_sociala_propunerii.pdf

¹⁶ D, Arpinte. 2011. Social economy in Romania. Available at: http://stefancojocaru.ro/wordpress/wp-content/uploads/2011/08/rcis31_06.pdf

Although the authorities have shown some interest in the non-governmental sector over the last 20 years, a brief overview of the main initiatives of the public policy on NGOs indicates that Romania is still in a transitional and institution building phase. The studies in this field demonstrate that there are several public policy tools available for the Romanian NGOs (legal regulations, funding mechanisms etc.). Yet, all these are still insufficient and were created at different moments in time and without a common purpose which has resulted in a lack of consistency in the approaches.

As far as social enterprise is concerned, the only public institution dealing in some way with the matter is the Ministry of Labour Family and Social Protection (the Directorate-General for Social Assistance). The most tangible initiative to promote social enterprise was the introduction of 'social entrepreneur' as a professional occupation in the Romanian Occupation Classification Index in 2012. Prior to this, the occupation of 'specialist in social economy' was introduced in the Romanian Code of Occupations (COR code 341206). Its main impact was an increase in visibility of various social service providing organizations which have been eager to augment awareness among key stakeholders.

Social enterprises are not given priority access to public funding, in comparison with commercial companies except for a few dedicated ESF grants schemes. For instance, in the Sectoral Operational Programme for Human Resources Development (SOP HRD) 2007-2013 financed by the European Social Fund, priority axis 6.1 is dedicated to Social Economy. Moreover, axis 6.2 aims at increasing social inclusion by improving access of vulnerable groups to the labour market which matches well the mission of some social economy organisations. In general though, access to public funding, except for a very few dedicated ESF grants schemes, does not place social enterprises forms in privileged positions as compared to regular companies.

ESF funding supported the launch of the following project: 'Promoting social economy in Romania through research, education and training at European standards' ('Prometeus' project). The Prometeus project (2010 – 2013) was coordinated by the Civil Society Development Foundation (CSDF) and developed initiatives aiming at raising the visibility of the Romanian social enterprises and developing scientific research and university teaching in the field of social economy in Roman¹⁷. The project's results also include:

- The provision of training and consultancy services to social enterprises;
- A study visit in Italy with the objective of stimulating best practice sharing; and
- The development of a guide on management of social enterprises.

Table 2.1 Overview of publicly funded schemes specifically designed for or targeting social enterprises

Support type	Are there any schemes specifically targeting social enterprises?	Are any of these schemes funded by ERDF/ ESF?
Awareness raising (e.g. award schemes, communication, advocacy)	✓	✓
Social entrepreneurship education (e.g. academic courses)	✓	✓
Pre-start / start-up support e.g. <ul style="list-style-type: none"> ▪ Business support eg mentoring, consultancy, coaching etc. ▪ Grants ▪ Infrastructure e.g. incubators 	na	na
Business support for established enterprises (e.g.	✓	✓

¹⁷ Additional information is available at the following link: <http://www.prometeus-project.eu/en/Default.aspx>

Support type	Are there any schemes specifically targeting social enterprises?	Are any of these schemes funded by ERDF/ ESF?
business planning, management skills, marketing etc.)		
Investment readiness support	✓	✓
Dedicated financial instruments (e.g. loans, guarantee schemes, social impact bonds etc.)	✓	na
Physical infrastructure (e.g. shared working space)	na	na
Collaborations and access to markets	na	na
Networking, knowledge sharing and mutual learning initiatives	✓	✓

2.3 Other specialist support and infrastructure available to social enterprises

In the 2014-2020 Government Strategy for developing SMEs sector and improving business environment in Romania, the development of social entrepreneurship constitutes a strategic objective for the Department of SMEs, Business Environment and Tourism. The version of the 2014-2020 Strategy issued in May 2014 for public consultation proposes the creation of programme for social entrepreneurship with funding from national funds and external funds. Since April 2014, associations and foundations, agricultural cooperatives, agricultural associations with economic activities are recognized as SMEs. This means that these organisations are now eligible for start-up financing and minimis schemes.¹⁸

2.4 Networks and mutual support mechanisms

A limited number of examples of social enterprises networks have been identified in Romania. These include:

- “We act responsibly! – The CSR Social Network”¹⁹, which received ESF funding between 2007 and 2013, involves over 300 member organisations (including associations, foundations) and over 1,000 individuals. The network’s objective is the facilitation of knowledge exchange and the promotion of the concept of corporate social responsibility.
- The ‘Societal’ network²⁰, which promotes the introduction of social responsibility indicators for the management and monitoring of NGOs. The network involves about 20 NGOs. Between 2010 and 2013, Societal benefited from the financing of the ESF.
- The Romanian network of work integration social enterprises (‘Asociatia RISE Romania’²¹) involves 8 NGOs operating with the objective of supporting work integration of disadvantaged individuals.

2.5 Marks, labels and certification systems

There are no marks or labelling schemes in Romania which are referring to social economy organisations or social enterprises more specifically. The legal draft previously discussed has laid down some provisions on certification of social enterprises.

¹⁸ Information provided by Dr Barna, 2014.

¹⁹ <http://www.actionamresponsabil.ro/>

²⁰ <http://www.societal.ro/ro/comunitate/articole/reper21-448.html?mainid=7>

²¹ <https://riseromania.wordpress.com/despre-noi/>

2.6 Social investment markets

2.6.1 The supply of finance

The market for financing social enterprises in Romania is underdeveloped. The key source of funding so far has been the EU funds with the ESF-funded 2007-2013 Operational Programme for Human Resources Development incorporating the Social Economy Development priority line (Priority 6.1) with a substantial allocation of EUR 400 mil. (only EUR 150 mil has been contracted so far)²² This source provides grants for establishment, development and operation of social enterprises. A relatively low number of projects have however, been funded under this line (57 funded projects till mid-2013). Even in these conditions, the results of the programme were important. According to annual report AMPOSDRU 2012, in 2012 a number of 261 social enterprises were created; the objective is to create 830 additional social economy structures within the total programme and funding.

The new call for projects 6.1 'Development of Social Economy' under OP-HRD which are worth EUR 200mil (28 July - 11 August 2014) provide support mainly for the creation of new social economy structures and job creation in this area. The creation/development of social economy structures in rural areas are also encouraged. There is a procedure for a transparent Minimis Aid Scheme 'Development of Social Economy' under OP-HRD 6.1; the maximum funding for social economy structures with distinct legal personality created during the project by the applicant or partners is EUR 200,000. There are 2 types of projects: strategic projects 'For a better life' and grants 'Social economy and solidarity'.

The call for project proposals focusses on the creation of new functional groups and partnerships in economy between cooperatives, mutual associations, foundations and associations, companies, agencies, which create social economy structures; offer new services and opportunities to the persons with difficulties to reintegrate in the labour market, especially in rural areas; facilitate the access to new social services, health, education; contribute to the labor force development, especially in rural areas; create employment opportunities for roma persons, for people with disabilities and for other vulnerable groups at risk of social exclusion.

As stated in the guide, the main operational objectives of this priority line are:

- development of social economy structures - development and promotion of activities and services which generate profit for helping socially excluded persons or those exposed to the risk of social exclusion; for their (re)integration into the labor market created by the social economy structures or in the formal economy;
- promoting social economy as a flexible and sustainable instrument for economic development and jobs creation at regional and local level;
- consolidation of capacity, competencies, knowledge and self-esteem of socially vulnerable groups by creating public/private partnerships in the social economy;
- capacity consolidation of social economy structures, and stimulation of cooperation between organizations, too.

No information has been identified on any investment funds specialising in the social economy sphere.

In 2013, an oil and gas company Petrom in cooperation with NESsT, an international organization supporting the development of social enterprises in Central and Eastern Europe

²² Source: Information provided by Dr Barna, 2014

set up a competition to recognise and award best social enterprise start-up ideas with the total budget of EUR 350,000²³. The competition continues in 2014.

Other sources of private financing include:

- In 2011 Romanian Commercial Bank initiated a 2-year pilot programme of 2 years with a budget of EUR 3 million for financing social enterprises, giving loans with zero costs and without guarantees for the development of the social business. The applications were evaluated considering the social impact, business model, long term sustainability and whether the organisation has the ability to reimburse the loan. The application process and the management of the programme were supervised by good.bee platform of social banking services of Erste Foundation and Erste Group. During the programme, some loans were granted but the budget has not been entirely used. The programme was discontinued.
- Romanian American Foundation and Foundation for Partnership (Green Entrepreneurship Programme - 1 million Lei for 'green' social enterprises).

	2011	2012	Total
Funded projects	5	7	12
Amount RON	47,140	1,002,860	1,050,00

- NESsT Competition for Social Business. More info about is available at: <http://www.nesst.org/romania/competitia-nesst-pentru-intreprinderi-sociale-2013/>

There are also some indirect/cross private financing for social businesses developed by NGOs, especially social services, from:

- NGO Fund in Romania with the overall objective "Strengthened civil society development and enhanced contribution to social justice, democracy and sustainable development". The Programme contributes to the overall objectives of the EEA Financial Mechanism to reduce economic and social disparities in the European Economic Area and to strengthen bilateral relations between Romania and the donor states Iceland, Liechtenstein and Norway. The Fund Operator in Romania is Civil Society Development Foundation together with its partners Romanian Environmental Partnership Foundation and Resource Center for Roma Communities. More info available at: <http://fondong.fdsc.ro/>
- Swiss-Romanian Cooperation Programme: Partnership Fund (last call June 2014). More info available at: <http://www.epce.ro/programok.php?id=26>
- EAA and Norway Grants etc

Other institutions and initiatives supporting and promoting social entrepreneurship do not provide direct financing to social enterprises.

In general, legal forms (except cooperatives) that meet the criteria for social enterprises are purely non-profit, hence distribution of any profit is not allowed. This is indeed a guarantee that any investor motivation is convergent to the social enterprise primary social aim, but reduces the chances for capitalisation from traditional sources. Access to finance for Romanian NGOs from commercial banks is heavily limited, also due to the fact that national bank rules place NGOs in the most risky category of borrowers hence banks are reluctant to develop credit systems due to the higher costs incumbent. Increasing awareness about the social economy/social enterprise concepts may improve the situation in the mid/long run.

²³ <http://www.taraluiandrei.ro/fabricat-in-tla/inscriere>

2.6.2 The demand for finance

No information has been identified enabling the assessment of potential demand for social investment in Romania.

As regards qualitative characteristics of social enterprises that may impact the ability to seek and receive financing, in general there is a lack of a sound management skills and business acumen. For instance, in most of cases, social enterprises do not have a business plan. In addition, there are only sporadic cases when such organizations consider banks as a source of finance, also due to the scepticism among banks regarding the viability of their business models.

These organizations typically rely on the government's subsidies or various types of fiscal exemptions.

2.6.3 Market gaps/ deficiencies

As previously mentioned, the Social Economy Coalition highlighted some of the legal gaps currently affecting the functioning of the social economy: e.g., lack of clear/transparent criteria for the issuance of a Social Enterprise Certificate (companies may be certified as social enterprises as well if they support a social aim); no clear definition of the legal constraints on profit (re)distribution; no asset lock provisions. In addition, some of the more specific legal structures which meet the principles of social economy are not included in the list of legal forms e.g. agricultural cooperatives, agricultural associations etc. The law does not specify concrete support measures to develop the social economy sector and social enterprises.

2.7 Overview of the key actors in the social enterprise ecosystem

The table below provides a snapshot of the main actors involved in the social enterprise ecosystem. This should, however, not be seen as an exhaustive list.

Policy makers - Governmental departments or institutions designing or implementing policy, support instruments and measures for social enterprises and infrastructures	Ministry of Labour Family and Social Protection
Customers – authorities contracting social enterprises	Na
Organisations promoting, certifying and awarding social enterprises labels	Na
Institutions, civil society initiatives or other social enterprises promoting social entrepreneurship education and training, and presenting role models	NESsT Civil Society Development Foundation (CSDF)
Organisations that have the capacity act as an observatory and to monitor the development and to the assess needs and opportunities of social entrepreneurs/social enterprises	Na
Providers of social enterprise start up and development support services and facilities (such as incubators)	NESsT Civil Society Development Foundation (CSDF)
Business support providers	NESsT
Facilitators of learning and exchange platforms for social enterprises	Civil Society Development Foundation (CSDF)

<p>Social enterprise (support) networks, associations</p>	<p>NESsT CSR Social Network Societal network RISE Romania</p>
<p>Investors/ Social Intermediaries</p>	<p>NESsT Romanian Commercial Bank Romanian American Foundation and Foundation for Partnership Swiss-Romanian Cooperation Programme: Partnership Fund</p>
<p>Research institutions</p>	<p>Civil Society Development Foundation (CSDF)</p>

3 Mapping of social enterprises in Romania

3.1 The spectrum of social enterprises in Romania

As explained in section 1, the following organisation types are regarded as social enterprises in Romania as per the draft “Law on Social Economy” :

- Cooperative societies which operate under Law 1/2005;
- Credit cooperatives regulated by the Government Ordinance no 99/2006;
- Associations and foundations regulated by the Government Ordinance no. 26/2000, amended and completed by Law 246/2005;
- Mutual aid associations for salaried employees regulated by Law 122/1996;
- Mutual aid associations for pensioners regulated by Law 540/2002;
- Any other legal entities operating under the principles of social economy.

The draft Law distinguishes between ‘social enterprise’ and ‘social insertion enterprise’. The latter category includes accredited protected units/ sheltered units.

3.2 Application of the EU Operational Definition

Table 3.1 maps the “principles of social economy” as per the draft Law on Social Economy against the core criteria set by the EU operational definition in order to identify and commonalities and differences between the national concept and the EU concept. The table shows that there are substantial similarities with the Operational Definition, but the proposed national definition is less restrictive than the EU Operational Definition.

Table 3.2 then maps the degree to which each of the entities listed above (in section 3.1) meets the criteria laid out by the EU Operational Definition to develop a better understanding of the social enterprise spectrum in Romania.

Table 3.1 Differences and similarities between the Operational Definition and the definition from Draft Law on Social Economy

EU Operational Definition		“Principles of social economy”
Dimension	Criterion	
Economic	Engagement in economic activity	It is implicit - the entity must perform economic activity. As per Article 2, the social aims of the entity are to be achieved through "...through the increase of the employment rate amongst vulnerable groups and/or the production and provision of goods and services "
Social	Explicit and primary social aim	Identical criterion: the draft Law on Social Economy establishes priority of social objectives over profit making
Governance	Asset lock	The draft Law does not contain any provisions stipulating an asset lock
	Limits on profit distribution	The draft Law does not impose any limits on profit distribution
	Organisational autonomy from the State	The draft Law requires organisations to be managerially autonomous and independent from the public sector
	Inclusive governance	The draft Law requires organisations to be democratically governed.

Table 3.2 Social Enterprise Spectrum for Romania

Dimension	Criterion	Cooperative societies	Credit cooperatives	Associations and foundations	Mutual aid associations for salaried employees	Mutual aid associations for pensioners	Accredited protected units/ sheltered units
Economic	Engagement in economic activity	Cooperatives engage in economic activity	Credit cooperatives (also known as cooperative banks) provide small loans on a short-term to medium-term basis to cover the consumption needs of their members. Most loans are made to persons in need living in the rural areas. Small loans can also be given to agricultural producers to purchase tools, fertilizers and other goods to support production in their individual households.	The law on associations and foundations allows them to carry out economic activities either directly, or by setting up a separate commercial company. Only associations and foundations engaging in economic activity can be regarded as social enterprises- estimated in 2012 to be around 12% of all associations and foundations (Atlas of Social Economy, 2014).	Mutual aid associations for employees provide financial services to their members.	The range of services exceed the strict area of financial loans (cultural, recreational activities, direct services for small fees provided through the labour of the pensioners members, set up and administration of food shops, repairing workshops, medical and funeral services, other social assistance services)	For-profits accredited as protected units by definition engage in economic activity. NGOs accredited as protected units can engage in trading activity provided they reinvest 75 per cent of any profits in programmes of socio-professional integration of their disabled workers
Social	Explicit and primary social aim	According to the legal regime in force , a cooperative's aim is to promote the economic, social and cultural interests of its members. Although potentially possible to affect positively the interests of the community non-	To support/aid the members of the cooperative who are in need of immediate/small financial assistance	The explicit, social aim is present for all associations and foundations	Mutual aid associations for employees is a legal form whose distinctiveness consists in their aim: support and help financially their members by giving	Mutual aid associations for pensioners can have interventions beyond the members (their services could also reach their families and social benefit beneficiaries)	By law, at least 30 per cent of the employees that have individual labour contracts must be disabled persons (art. 5/29/ Law no. 448/2006) ²⁴ . Provision of employment to disabled persons

²⁴ There have been reported cases when the sheltered workshops are used just as vehicles for avoiding the tax. This impacted had a negative impact on the image of the entire sector of sheltered workshops, including those run by NGOs.

Dimension	Criterion	Cooperative societies	Credit cooperatives	Associations and foundations	Mutual aid associations for salaried employees	Mutual aid associations for pensioners	Accredited protected units/ sheltered units
		members of the cooperative, the entire law is built exclusively around the needs and interests of the members			loans. Their members can be only employees, and their activity is limited by law only to members. Mutual aid association for employees therefore, do not comply with this criterion.		constitutes the social aim.
Governance	Asset lock	Cooperatives are non- profit enterprises (they must comply according to Romanian 2005 cooperative law, with an asset lock)	Not applicable	In case of dissolution of the association, the remaining patrimony after liquidation cannot be transmitted to natural persons, but only to legal persons of private law or public law with an identical or similar purpose, through the procedure established in the bylaws of the association.	The remaining assets after liquidation cannot be distributed to its members but is transferred to organisations with an identical or similar purpose.	The remaining assets after liquidation cannot be distributed to its members but is transferred to organisations with an identical or similar purpose.	Not known
	Limits on profit distribution	Cooperatives are non- profit enterprises	Not applicable	In case of foundations and associations, there are constrains regarding the profit redistribution. Associations and foundations do not share any surpluses or profits to their members,	No dividends are distributed; any surplus generated remains with the association and is designated to pursuing its purpose	No dividends are distributed; any surplus generated remains with the association and is designated to pursuing its purpose	NGOs accredited as protected units comply with this condition. For-profits accredited as protected units de facto comply with this condition because they are exempt from paying taxes if they

Dimension	Criterion	Cooperative societies	Credit cooperatives	Associations and foundations	Mutual aid associations for salaried employees	Mutual aid associations for pensioners	Accredited protected units/ sheltered units
				administrators or any other category of 'owners'.			reinvest profits. However, there have been cases where sheltered workshops run by companies were used just as vehicles for avoiding the tax and for not hiring disabled persons. This impacted negatively on the image of the entire sector of sheltered workshops, including those run by NGOs
	Organisational autonomy from the State	Cooperatives are owned and controlled by their members and thus, are independent from the State	Cooperatives are owned and controlled by their members and thus, are independent from the State	Associations and foundations in Romania are private, formal, voluntary and independent organizations	Mutual aid associations are independent entities which are not under the authority of public institutions	Mutual aid associations are independent entities which are not under the authority of public institutions	Accredited protected units can be independent entities or divisions within foundations, associations, public institutions and economic agents. Some protected units therefore, may not be independent from the public sector. Only private protected units meet this criterion
	Inclusive governance	Cooperatives are run democratically. However, the law does not impose any specific requirements as regards	Cooperatives are run democratically.	Regarding democratic structures of governance, there are no specific rules for foundations and associations.	Usually the staff cannot participate in decision making, unless they have a representative in the Board of Directors.	Usually the staff cannot participate in decision making, unless they have a representative in the Board of Directors.	These organisations are not required by law to adopt decision-making processes that allow for a well-balanced

Dimension	Criterion	Cooperative societies	Credit cooperatives	Associations and foundations	Mutual aid associations for salaried employees	Mutual aid associations for pensioners	Accredited protected units/ sheltered units
		participatory approach in decision making		However, in practical terms, informal engagement of their members in the decision making process is very common	These organisations are not required by law to adopt decision-making processes that allow for a well-balanced representation of stakeholders. Whether these organisations voluntarily follow this practice cannot be determined without further research.	These organisations are not required by law to adopt decision-making processes that allow for a well-balanced representation of stakeholders. Whether these organisations voluntarily follow this practice cannot be determined without further research.	representation of stakeholders. Whether these organisations voluntarily follow this practice cannot be determined without further research. NGOs accredited as protected units have democratic governance. For-profits accredited as sheltered units do not comply with this criterion

3.3 Presence and scale of social enterprise

3.3.1 Existing measures of social enterprise in Romania

The 2012 atlas report elaborated by the National Centre for Training in Statistics (CNPS) in partnership with the Ministry of Labour, Family and Social Protection estimates that the Gross Value Added of the social economy represents 1.9% of the national economy (Barna, 2014).²⁵ This is an increase from 1.3% recorded in year 2011. ...²⁶

Data on the social economy sector in Romania is mostly collected by private entities.²⁷ Among several existing studies (usually developed within the frame of a specific project), most of them have an on-off character. The exception is the Social Economy Atlas²⁸ developed by the Institute of Social Economy in Bucharest which has a more continuous perspective (second edition in 2012, third edition in 2014). It contains aggregated data on social economy organisations previously collected from the National Institute on Statistics and complemented by some additional sociological research. However, there is no specific breakdown of social enterprises. According to the authors, '*social enterprise is a concept which is not restricted by the legal form of organization and develops commercial activities by pursuing simultaneously the social aim. Social enterprise is a subgroup of social economy*'.

The Social Economy Atlas only comprises data on active organizations - which submit financial reports at the end of each fiscal year. The number of social economy organizations is expected to be significantly higher if one considers entities that do not submit a financial report. For example, NGO Register of the Ministry of Justice suggests that at the end of 2012 there were 72,099 associations and foundations, yet according to the 2014 Atlas only 33,670 submitted the financial report at the end of fiscal year 2012.

3.3.2 Estimated scale of EU defined social enterprises

According to the latest data published in the Atlas of the Social Economy, the social economy sector in Romania in 2012 included 39,347 active organizations, with overall assets of RON 13,918 millions (approx EUR 3,112 mil), and total revenues of RON 12,298 millions (approx EUR 2,750 mil), and 131,127 employees.²⁹ In 2012, the social economy in Romania employed 1.9% of the total number of employees (marking a slight increase from 1.75% reported in 2011) (Barna, 2014). Out of the total number of active organisations, 85% were associations and foundations, 6% cooperatives (craft, consumer and agricultural cooperatives), 7% credit unions (of pensioners and employees) and 2% trading companies held and controlled by social economy organisations. The latter were included in the 2014 Atlas for the first time and they refer to commercial companies whose main shareholder(s) are one or more social economy organisations.

Note that only 12.1% (4,058) of the associations and foundations included in the Atlas statistics carry out economic activities. Approximately half of the associations and foundations undertaking economic activities are market producers per se (i.e., 50% of their production costs are covered by sales revenue). According to the 2014 Atlas, the associations and foundations with economic activities had revenues totalling EUR 831 mil in year 2012, with 57% of this coming from direct economic activities. This category of associations and foundations employed 28,861 persons in 2012; almost half of their staff were engaged in economic activities.

²⁵ Barna, C. (2014). Atlas of social economy in Romania 2014. Bucharest: 2014.

²⁶ Source: Information provided by Dr Barna, 2014.

²⁷ For details see annex "Sources of Secondary Information"

²⁸ http://www.fdsc.ro/library/files/the_atlas_of_social_economy_2012_en.pdf

²⁹ Historic exchange rate used 4.4715 RON=1EUR

To be consistent with the definitions and assumptions presented in section 3.1, table 3.3. provides a more conservative estimate of the total number of SE organisations. The estimate is based on 2010 data given that more recent data (2012) is only available for associations and foundations. Table 3.3

Table 3.3 Social economy organisations operating as social enterprises in Romania: number, surplus, employment [as of 2012]

Type of label	Total number (registered)	Estimated % meeting EU operational criteria	Estimated Number of SEs (as per EU definition)
Law protected units – run by NGOs*	372	100%	372
Mutual aid associations for pensioners**	2,780	100%	2,780
Associations & Foundations developing commercial activities***	33,670	12%	4,058
Total	36,822		7,210

Sources and notes:

*www.anph.ro. Total number of law protected units at the end of 2010 = 372. According to a report, approximately 72% of law protected units are run by for-profits [Ilie, S. (2013) Employing people with disabilities: the Romanian protected units system]

**Atlas of Social Economy 2012, ICCV processing 2012

*** According to the Atlas, 12% of associations and foundations engage in economic activity

The data should be treated as indicative range estimates only. They are based on indicative (and often subjective) assessment of the share of social enterprises among particular groups of entities and other assumptions.

3.4 Characteristics of social enterprises

3.4.1 Legal forms

Social enterprises typically use the following legal forms

- Associations
- Foundations
- Mutual help associations³⁰/ credit unions
- Sheltered workshops run by NGOs³¹

Associations and foundations represent the biggest proportion of social economy entities in Romania, however only around 12 per cent (4,058) of these perform economic activities in 2012. Out of the total economically active associations and foundations, 85,68% were associations (which include NGOs regulated by special laws such as agricultural societies, housing owners' associations and commons/management of community forests); 13% were foundations and 1% unions. Since May 2014, the associations and foundations engaged in economic activities are legally recognised as SMEs, thus in principle can access funding from national programmes and public procurement (in line with the amendments and completion of Law 346/2004). Fiscal incentives are however limited and related to the non-

³⁰ In some publications they are also referred as credit unions.

³¹ Please, note that this is not a distinct legal person, but a qualification/ label that an NGO or company receives in case of fulfilling certain characteristics established by a special law.

profit purpose of the legal form hosting the social enterprise rather than encouraging entrepreneurship.

Associations and foundations carrying out economic activities are exempted from paying taxes on profit and revenues worth up to EUR 15 000 per fiscal year, (or not more than the equivalent of 10% of the total revenues exempted from taxes on profit).³² The rest of foundations and associations are treated similarly to regular companies in terms of administrative burdens and fiscal regime. According to the law, direct economic activities by associations and foundations (without establishing a separate legal entity) have to be auxiliary and in close connection to the main purpose of the association or foundation. The law is not clear as to how “auxiliary”, in “close connection” or a “main purpose” should be interpreted.

3.4.2 Regional geography of social enterprises

According to the 2014 Atlas, the regions with the highest number of social economy organisations include: Central Region (19%), North-East Region (17%) and Bucharest - Ilfov Region (16%). Associations and foundations are most common in urban and economically developed regions whilst other legal forms of SEO are to be found in less developed regions. In 2012, the region which is most economically developed - Bucharest-Ilfov - concentrated the highest share of revenues in the social economy (27%) and highest proportion of SEO employees (21%). The North-East Region, which is the poorest region registered a high number of cooperatives and credit unions and captured only 11% of total SEO revenues.

The regional distribution of law protected units shows a cluster in Bucharest-Ilfov region³³.

3.4.3 Business models

Sources of income

The main sources of income for social enterprises in Romania are the following:³⁴

- Income generated from the 2% law (i.e., individuals can direct 2% of their income tax towards non-profit organizations as stipulated in the Fiscal Code, articles 57 and 84 of Law no. 571/2003);
- Subsidies, grants and non-reimbursable funds (they do not apply to mutual aid associations and credit cooperatives); EU funds (in particular ESF through the sectorial Operational Program Human Resources Development 2007-2013 which provides financial support for the development of the social economy (Axis 6.1));
- Income from direct economic activities; according to the 2014 Atlas, the associations and foundations with economic activities had revenues totalling EUR 831 mil in year 2012, with 57% of this coming from direct economic activities. More than half (57%) of the associations and foundations engaged in economic activities reported profits in year 2012. Net profit rate was estimated at 11.6% for same year (EUR51.3 mil). In addition, cooperatives raise revenues from selling their products and services on the market. In 2012, their total revenues were estimated at EUR 395 mil (Atlas 2014). Forty-one (41%) per cent of revenues came from handicraft cooperatives.

³² Art.15 of the Law no. 571/2003 regarding the Fiscal Code (including its further amendments) stipulates that Romanian foundations are exempted from paying tax on profit. The article also states that non-profit organisations are exempted from paying taxes on the several categories of revenues such as membership fees and registration fees from members; cash and in-kind donations from members or benefactors; registration taxes; donations or non-reimbursable grants.

³³ Ilie, S. (2013) Employing people with disabilities: the Romanian protected units system

³⁴ Stănescu, S., Asiminei, R., Rusu, O., Vîrjan, D. (2012), Raport de deschidere în cadrul proiectului Modelul Economiei Sociale în România, Printis Publishing House, Iasi, <http://www.alternativesociale.ro/images/stories/downloads/Raport%20de%20Deschide%20privind%20Economia%20Sociala.pdf>

- Membership fees and other voluntary contributions of the members (it does not apply to credit or agricultural cooperatives);
- Sponsorship and donations provided by private individual donors and public donors (do not apply to credit cooperatives).

Use of paid workers

The vast majority of associations and foundations (68%) have no employees; 22% of them have between 1 and 5 employees; 8% between 6 and 20 employees. Only a minority of them (2.3%) have more than 20 employees (Atlas 2014). In 2012, a total of 76, 902 employees were working for associations and foundations, with only 21% engaged in economic activities.

Cooperatives form a mixed picture. Whilst craft cooperatives employ on average 26 employees (with a third them with more than 20 employees), the vast majority of agricultural cooperatives (75%) have no paid staff.

3.4.4 Fields of activity

About 12 per cent of all associations and foundations in year 2012 were engaged in economic activities. In 2012, the following sectors had the highest share of economically active associations and foundations: forestry (51% of total AF in this sector); agriculture (31%); professional (12%), followed by education, cultural and development/tourism sectors (each with 9% (Barna, 2014). Note that the revenue and employee data for these associations and foundations engaged in economic activities is not broken down by field of activity.

When all associations and foundations are taken into account (irrespective of whether they engage in economic activity or not), one can see that the highest concentration of associations and foundations is found in the social care, sports and education sectors (see Table 3.4).

Table 3.4 Distribution of the Associations and foundations over fields/sectors of activities, 2012

Sectors in which associations and foundations are active	No of associations and foundations (% of total AF)	No of people employed by associations and foundations	Annual turnover [in million lei]	Annual turnover [in million Euro]
Social/ charitable	7,587 (22.5%)	23,240	1,862	416
Education	3,858 (11.5%)	11,345	859	192
Sport	6,115 (18.2%)	9,711	811	181
Professional representation	4,113 (12.2%)	10,105	1,170	262
Religion	1,992 (5.9%)	5,999	477	107
Agriculture	3,214 (9.5%)	8,108	1,484	332
Health	1,808 (5.4%)	4,275	396	89
Culture	3,713 (11.0%)	4,325	429	96

Sectors in which associations and foundations are active	No of associations and foundations (% of total AF)	No of people employed by associations and foundations	Annual turnover [in million lei]	Annual turnover [in million Euro]
Development/tourism	2,040 (6.1%)	5,238	637	142
Rural/forest economic community	1,326 (3.9%)	3,791	347	78
Civic	1,273 (3.8%)	2,142	269	60
Environment	989 (2.9%)	2,282	209	47
Total	33,670 (100%)	76,902	7,742	1,731

Source: The Social Economy Atlas 2014 (Barna, 2014)

Law protected units can be found in almost all areas of the economy, the most prominent ones being manufacturing, trade and professional services.

3.5 Summary of mapping results

The results of the mapping exercise are summarised in the table overleaf.

Table 3.5 Mapping the 'universe of social enterprises in Romania

Dimension	Criteria	Law protected units – run by NGOs	Mutual aid associations for pensioners	Associations and foundations
Entrepreneurial dimension	Engagement in economic activity	Yes	Yes	Some
Social dimension	Social aim (public benefit)	Yes	Yes	Yes
Governance dimension	Distribution of profits and/or assets according to defined rules and procedures	No profit distribution	No profit distribution	No profit distribution
	Profit cap - existence of profit cap/ limited profit distribution	No profit distribution	No profit distribution	No profit distribution
	Asset lock - existence of asset lock	Yes	Yes	Yes
	Autonomy - organisational autonomy	Yes	Yes	Yes
	Inclusive governance	Not required by law	Not required by law	Not required by law, but de facto
Estimated number (2012)		372	2,780	33,670
Estimated % meeting the EU core criteria (appx)		100%	100%	12%
Estimated number meeting EU core criteria		372	2,780	4,058
Entrepreneurial dimension	Share of income derived from : fees (incl. membership fees);trading income; rental income on assets; income from public contracting (both competitive tenders and direct contracting); grants and donations etc.	na	na	In 2012, associations and foundations with economic activities had revenues totalling EUR 831 mil, with 57% of this coming from direct economic activities
	The use of paid workers	na	na	Only minority of associations and foundations has employees
Social dimension	Fields of activity	Work integration	Financial aid	Forestry; agriculture professional; education, cultural and development/tourism sectors

Dimension	Criteria	Law protected units – run by NGOs	Mutual aid associations for pensioners	Associations and foundations
	Target groups (customers/ users of goods and services provided)	Disabled	Pensioners	The general public; a specific community; the members of the organisation
Independence and governance	Transparency - a system for measuring and reporting impact	na	Must submit balance sheets and financial accounts to the fiscal authorities. External audits are good practice, but not imposed by the law.	Must submit balance sheets and financial accounts to the fiscal authorities. External audits are good practice, but not imposed by the law.

3.6 Patters and determinants – creation and growth of social enterprises

A recent development has been the emergence of the public-private partnership and social contracting. After 1998 when the first legislation enabling social contracting was adopted by Romanian authorities, at both central and local level, delegation of more specific responsibilities began, in particular related to social services. This delegation of responsibilities has been done through various contractual routes – from grants through subsidies to outsourcing. Consequently, the role of the nongovernmental sector in the design and delivery of social services increased considerably³⁵.

Yet although the logic of delegating certain services is no longer a novelty in Romania but a part of the action approach of the state, the investment in social entrepreneurship and the unconditional opening of public markets for the actors of social economy is a persisting problem³⁶.

Besides, there is a broad agreement that what could stimulate the development of social enterprises in Romania, is strengthening of the representative organisations, which at the moment are only a few and do possess relatively small leverage over the government while conducting advocacy activities³⁷. In most of the cases they were created not to fulfil a common need, but rather as a top-down process. They are the products of a few projects founded from the EU sources.

3.7 Opportunities and barriers

In Romania, there is poor recognition of the concept of social enterprise. The term “social” is associated with the activities of charities, and not entrepreneurship. Success cases of social enterprises are hardly known and understood by the general public.

Besides there is no policy framework encouraging or supporting the creation and development of social enterprises. An eco-system for social enterprise is lacking. For example, banks operating in Romania do not regard the organisations fitting the profile of a social enterprise as potential clients. Access to financing from the banks is limited for NGOs (in Romania, national bank rules place NGOs in the most risky category of borrowers hence banks are reluctant to develop credit systems due to the higher costs involved).

Fiscal incentives are limited and rather attached to the non-profit purpose of the legal form hosting the social enterprise. Associations and foundations carrying out economic activities are treated similarly to regular companies in terms of administrative burdens and fiscal regime.

Access to public funding, except for a very few dedicated ESF grants schemes, does not place the social enterprises forms in privileged positions against regular companies.

The public procurement law³⁸ mentions that the Contracting Authority has the right to include in the tender dossier special requirements, as long as they are in line with the European provisions, for fulfilling the contract that will ensure obtaining some social or environment protection related and promotion of sustainable development impact. Yet this is a right, not a duty and there is no data available on the effects of this provision.

³⁵ M. Lambru, and C. Petrescu, 2011. Trends and Challenges for Social Enterprises in Romania.

³⁶ Ibidem.

³⁷ Ibidem.

³⁸ Government Emergency Ordinance 34/ 2006

Annex 1 Legal forms most commonly used by social enterprises in Romania

Legal form	Association	Mutual Help Associations For Employees	Mutual Help Associations Of Pensioners
Definition	An association is a group of three or more persons who share on the basis of an agreement -without being entitled to restitution - their material contribution, knowledge and their activity, in order to accomplish activities of general interest, of community interest or, if such be the case, of their personal, non-patrimonial, interest.	<p>Having as its general framework legislation the law on associations and foundations, mutual help association for employees is a legal form whose distinctiveness consists in their aim: to support and help financially their members by giving loans.</p> <p>The association's members must be employees, and its activity is limited by law only to its members.</p> <p>However, it is the mutual/ self-help support that justifies the use of this legal form by social enterprises. It is often the case that other services than just the giving of financial loans are developed by the association and, sometimes, the beneficiaries exceed the state of employees fall under a vulnerable group characteristics (former employees become unemployed, and they are not excluded from the associations although they no longer fulfil the conditions needed to become a new member).</p>	<p>Having as its general framework legislation the law on associations and foundations, mutual help associations of pensioners are civic private organisations, with charitable, mutual help and social assistance purpose.</p> <p>Mutual help associations of pensioners can have interventions beyond its members (its services could also reach their families), the range of services exceed the strict area of financial loans (cultural, recreational activities, direct services for small fees provided through the labour of the pensioners members, set up and administration of food shops, repairing workshops, medical and funeral services, other social assistance services) and apply to a larger cross section of the public.</p> <p>One out of three pensioners is member of a mutual help association of pensioners while one out of six employees is member of a mutual help association of employees.</p>
Key national legislation governing legal form	Government Ordinance 26/ 2000 on associations and foundations, as amended by Law 213/ 2005, Law 246/ 2005, Law 305/ 2008, Law 34/ 2010, Law 76/ 2012, and Law 145/ 2012.	<p>Law 122/ 1996 on the legal regime of the mutual help associations of employees and their unions, as amended by Law 135/ 2003, Government Emergency Ordinance 74/ 2003, Law 186/2004. A consolidated version was published in 2009.</p> <p>Government Ordinance 26/ 2000 on associations and foundations, as amended by Law 213/ 2005, Law 246/ 2005, Law 305/ 2008, Law 34/ 2010, Law 76/ 2012, and Law 145/ 2012.</p>	<p>Law 540/ 2002 on the legal regime of the mutual help associations of pensioners, as amended by Law 248/ 2011;</p> <p>Government Ordinance 26/ 2000 on associations and foundations, as amended by Law 213/ 2005, Law 246/ 2005, Law 305/ 2008, Law 34/ 2010, Law 76/ 2012, and Law 145/ 2012;</p> <p>Law 93/ 2009 on Nonbanking Financial Institutions;</p>

Legal form	Association	Mutual Help Associations For Employees	Mutual Help Associations Of Pensioners
		Law 93/ 2009 on Nonbanking Financial Institutions National Bank Regulation 20/ 2009	National Bank Regulation 20/ 2009
Whether the legal form is used exclusively or not exclusively for social enterprise	Not exclusively for social enterprise The purpose of the association must be either of a general interest, of a community interest or, of the members' personal, non-patrimonial interest.	Not exclusively for social enterprise The purpose is restricted by law to the support and mutual financial assistance of the employee members.	Not exclusively for social enterprise The purpose is restricted by law to the support and mutual financial help of the pensioner members and their families.
Methods of creation	To establish an association, the members are required to draft: <ol style="list-style-type: none"> 1. memorandum of association; 2. bylaws. <p>The following documents are required to obtain legal personality:</p> <ol style="list-style-type: none"> 1. completed application to the court house where the association will have its headquarters; 2. proof of the headquarters (property deeds or rent contract or equivalent); 3. fiscal record for each of the founders; 4. proof of availability of the name of the association from the Ministry of Justice; 5. proof of the initial patrimony. 	To establish the association, the members are required to draft: <ol style="list-style-type: none"> 1. memorandum of association; 2. bylaws. <p>The following documents are required to obtain legal personality:</p> <ol style="list-style-type: none"> 1. completed application to the court house where the association will have its headquarters; 2. proof of the headquarters (property deeds or rent contract or equivalent); 3. fiscal record for each of the founders; 4. proof of availability of the name of the association from the Ministry of Justice; 5. proof of the initial patrimony. <p>The founders have to be employees or persons earning incomes assimilated to wages, and the association they start should operate at the level of the employer organisation they work with, or at territorial level.</p>	To establish the association, the members are required to draft: <ol style="list-style-type: none"> 1. memorandum of association; 2. bylaws. <p>The following documents are required to obtain legal personality:</p> <ol style="list-style-type: none"> 1. completed application to the court house where the association will have its headquarters; 2. proof of the headquarters (property deeds or rent contract or equivalent); 3. fiscal record for each of the founders; 4. proof of availability of the name of the association from the Ministry of Justice; 5. proof of the initial patrimony. <p>The founders have to be pensioners.</p> <p>After receiving legal personality, the mutual help association for employees can only begin its operations after being registered in a special registry at the National Bank of Romania.</p>

Legal form	Association	Mutual Help Associations For Employees	Mutual Help Associations Of Pensioners
		After receiving legal personality, the mutual help association for employees can only begin its operations after being registered in a special registry at the National Bank of Romania.	
Required capital or assets	An association must have initial assets not lower than one minimum gross wage (whose amount is established regularly in a separate law).	An association must have initial assets not lower than one minimum gross wage (whose amount is established regularly in a separate law). There are also prudential rules that the mutual help associations have to observe which determines a safe ratio between the available capital of the mutual help association and the loans it provides.	An association must have initial assets not lower than one minimum gross wage (whose amount is established regularly in a separate law). There are also prudential rules that the mutual help associations have to observe which determines a safe ratio between the available capital of the mutual help association and the loans it provides.
Management and corporate governance	<p>The ruling and governing structures of the association are:</p> <ol style="list-style-type: none"> 1. General Assembly; 2. Board of directors; 3. Censor or, if such be the case, the committee of censors. <p>The General Assembly is the ruling structure, which appoints and removes the members of the Board of directors.</p> <p>The Board of directors is responsible for the day to day administration and management of the association.</p> <p>The Board of directors can decide to delegate some of its responsibilities to an executive director.</p>	<p>The ruling and governing structures of the association are:</p> <ol style="list-style-type: none"> 1. General Assembly; 2. Board of directors; 3. Censor or, if such be the case, the committee of censors. <p>The General Assembly is the ruling structure, which appoints and removes the members of the Board of directors.</p> <p>The Board of directors is responsible for the day to day administration and management of the association.</p> <p>The Board of directors can decide to delegate some of its responsibilities to an executive director.</p> <p>The internal control is ensured by the censor, for associations with less than 100 members, and a Committee of censors, for associations with more</p>	<p>The ruling and governing structures of the association are:</p> <ol style="list-style-type: none"> 1. General Assembly; 2. Board of directors; 3. Censor or, if such be the case, the committee of censors. <p>The General Assembly is the ruling structure, which appoints and removes the members of the Board of directors.</p> <p>The Board of directors is responsible for the day to day administration and management of the association.</p> <p>The Board of directors can decide to delegate some of its responsibilities to an executive director.</p> <p>The internal control is ensured by the censor, for</p>

Legal form	Association	Mutual Help Associations For Employees	Mutual Help Associations Of Pensioners
	<p>The internal control is ensured by the censor, for associations with less than 100 members, and a Committee of censors, for associations with more than 100 members.</p> <p>There are no requirements regarding the number of board members.</p> <p>The board may include a maximum of ¼ non-members within its composition.</p> <p>It is the General Assembly right to elect and revoke the Board of Directors members.</p>	<p>than 100 members.</p> <p>There are no requirements regarding the number of board members.</p> <p>The board may include a maximum of ¼ non-members within its composition.</p> <p>It is the General Assembly right to elect and revoke the Board of Directors members.</p>	<p>associations with less than 100 members, and a Committee of censors, for associations with more than 100 members.</p> <p>There are no requirements regarding the number of board members.</p> <p>The board may include a maximum of ¼ non-members within its composition.</p> <p>It is the General Assembly right to elect and revoke the Board of Directors members.</p>
Rights of members	<p>Legal form has members.</p> <p>Ultimate control of the association rests with the members because of their right to attend, speak and votes at the General Assembly.</p> <p>The General Assembly has the right to establish the strategy and the general objectives of the association, approve the revenues and expenditure budget as well as the annual fiscal statements, elect and revoke members of the board of directors, and modify the association's bylaws.</p>	<p>Legal form has members.</p> <p>Ultimate control of the association rests with the members because of their right to attend, speak and votes at the General Assembly.</p> <p>The General Assembly has the right to establish the strategy and the general objectives of the association, approve the revenues and expenditure budget as well as the annual fiscal statements, elect and revoke members of the board of directors, and modify the association's bylaws.</p>	<p>Legal form has members.</p> <p>Ultimate control of the association rests with the members because of their right to attend, speak and votes at the General Assembly.</p> <p>The General Assembly has the right to establish the strategy and the general objectives of the association, approve the revenues and expenditure budget as well as the annual fiscal statements, elect and revoke members of the board of directors, and modify the association's bylaws.</p>
Voting and representation of members in general meetings	<p>The General assembly convenes at least once a year and has a permanent right to control the board of directors and the censor or committee of censors.</p> <p>In practice, there are 2 models of participation to the general assembly for the members: in</p>	<p>The General assembly convenes at least once a year and has a permanent right to control the board of directors and the censor or committee of censors.</p> <p>In practice, there are 2 models of participation to the general assembly for the members: in person</p>	<p>The General assembly convenes at least once a year and has a permanent right to control the board of directors and the censor or committee of censors.</p> <p>In practice, there are 2 models of participation to the general assembly for the members: in person</p>

Legal form	Association	Mutual Help Associations For Employees	Mutual Help Associations Of Pensioners
	<p>person or through delegate.</p> <p>Sometimes, especially in the case of associations with a large membership base, the bylaws provide that the general assembly is formed by a certain number of delegates.</p>	<p>or through delegate.</p> <p>Sometimes, especially in the case of associations with a large membership base, the bylaws provide that the general assembly is formed by a certain number of delegates.</p>	<p>or through delegate.</p> <p>Sometimes, especially in the case of associations with a large membership base, the bylaws provide that the general assembly is formed by a certain number of delegates.</p>
Types of shares, if any	Not applicable to legal form.	Not applicable to legal form.	Not applicable to legal form.
Distribution of dividends on share capital	No dividends are distributed; the surplus generated by economic activities or other revenues must be used for the pursuance of its purpose.	No dividends are distributed; the surplus generated by economic activities or other revenues must be used for the pursuance of its purpose. It usually used for the risk and statutory reserves or the social fund (the fund designated for the loans themselves).	No dividends are distributed; the surplus generated by economic activities or other revenues must be used for the pursuance of its purpose.
Distribution of reserves	No legal provisions regarding reserves.	No legal provisions regarding reserves.	<p>The law stipulates that the following dedicated funds may be set up, at the decision of the association and according to the will of the members expressed in the bylaws:</p> <ul style="list-style-type: none"> ▪ the fund for loans; ▪ the fund for non-reimbursable aid; ▪ the fund for cultural, artistic, touristic and recreational activities; ▪ the fund for investments; ▪ the fund for subsidising basic food products prices in their own shops; and ▪ the fund for general expenses.
Allocation of the surplus particularly to	No requirement to allocate surpluses to compulsory legal reserve funds.	<p>No requirement to allocate surpluses to compulsory legal reserve funds.</p> <p>Although, there are cases where the bylaws</p>	No requirement to allocate surpluses to compulsory legal reserve funds. Although there are cases where the bylaws stipulates the existence of

Legal form	Association	Mutual Help Associations For Employees	Mutual Help Associations Of Pensioners
compulsory legal reserve funds		stipulates the existence of the statutory reserve, meant to ensure the liquidities for running costs, and the risk reserve, meant to ensure the liquidities for the loans that cannot be recovered. It is up to the founders of general assembly to include in the bylaws minimum thresholds for these reserves.	a statutory reserve, meant to ensure the liquidities for running costs and the risk reserve, meant to ensure the liquidities for the loans that cannot be recovered. It is up to the founders of general assembly to include in the bylaws minimum thresholds for these reserves.
Distinction dividends/refunds and distribution of refunds	Refunds not applicable to legal form.	The member, when ceasing his / her membership is entitled to receive the value of the contribution paid to the social fund. Any surplus remains with the association and counted for its capital.	The member, when ceasing his / her membership is entitled to receive the value of the contribution paid to the social fund. Any surplus remains with the association and counted for its capital.
Restrictions on ability to trade	An association can develop economic activities but these must be auxiliary and in close connection to the main purpose of the association (we have to note that the law does not impose or mention the distinction between a main purpose and a secondary one). The association has the right to set up a separate legal structure as regular company, without having any restrictions on the type of activities that can be undertaken.	By providing loans with interest, mutual help associations for employees undertake economic activities. The National Bank regulations allow them to perform other activities as long as they observe their special regulatory law; meaning that the main object of activity must remain the provision of financial loans to the members. In practice, the bylaws often allow the mutual help associations to provide further support to its members, not necessarily in direct relations with the main loan giving one.	By providing loans with interest, mutual help associations of pensioners undertake economic activities. The National Bank regulations allow them to perform other activities as long as they observe their special regulatory law. This law of the mutual associations of pensioners allows mutual help associations to provide a range of services that exceed the strict area of financial loans and can include cultural and recreational activities, direct services provided by the pensioners members, the establishment and administration of food shops, repair workshops, medical and funeral services and other social assistance services.
Internal financing (eg. investment)	Revenues of an association may derive from: <ul style="list-style-type: none"> ▪ membership fees/dues; 	In the case of mutual help associations for employees, members have to pay regularly	In the case of mutual help associations of pensioners, members have to pay regularly

Legal form	Association	Mutual Help Associations For Employees	Mutual Help Associations Of Pensioners
title, member investors, increase in members contributions)	<ul style="list-style-type: none"> ▪ interests and dividends resulting from financial placements of the available sums, according to the law; ▪ dividends from commercial companies where the association is associate or shareholder; ▪ revenues from direct economic activities; ▪ donations, sponsorships or legacies; and ▪ any other revenues stipulated by law. 	<p>(usually monthly) an amount (either fixed, or % of the wage) that contributes to the social fund the loans are provided from.</p> <p>Otherwise Revenues of an association may derive from:</p> <ul style="list-style-type: none"> ▪ interests and dividends resulting from financial placements of the available sums, according to the law; ▪ revenues from direct economic activities; ▪ donations, sponsorships or legacies; and ▪ any other revenues stipulated by law. <p>Considering that it is unclear whether the mutual help associations of employees are allowed to perform actions other than providing financial loans to the members, dividends from commercial companies where the association is associate or shareholder is not included in the list of possible sources of income (although a regular association is allowed to set up a company and receive dividends).</p>	<p>(usually monthly) an amount (either fixed, or % of the wage) that contributes to the social fund the loans are provided from.</p> <p>Otherwise Revenues of an association may derive from:</p> <ul style="list-style-type: none"> ▪ interests and dividends resulting from financial placements of the available sums, according to the law; ▪ revenues from direct economic activities; ▪ donations, sponsorships or legacies; and ▪ any other revenues stipulated by law. <p>It is unclear whether the mutual help associations of pensioners are allowed to set up a company and receive dividends in the way that a regular association could.</p>
External financing (eg. banking loans, issuing bonds, specific investment funds) including possibility for non-member investors	<p>An association cannot raise funds by way of equity investment.</p> <p>There is the possibility for any employee to redirect 2% of the tax due for its income towards a non-profit organisation; otherwise an association can raise finance via donations, sponsorships or legacies.</p>	<p>An association cannot raise funds by way of equity investment.</p> <p>Revenues of an mutual help associations for employees may derive from:</p> <ul style="list-style-type: none"> ▪ interests and dividends resulting from financial placements of the available sums, according to the law; ▪ revenues from direct economic activities; ▪ donations, sponsorships or legacies; or ▪ any other revenues stipulated by law. 	<p>An mutual help associations of pensioners cannot raise funds by way of equity investment.</p> <p>Revenues of an association may derive from:</p> <ul style="list-style-type: none"> ▪ interests and dividends resulting from financial placements of the available sums, according to the law; ▪ revenues from direct economic activities; ▪ donations, sponsorships or legacies; or ▪ any other revenues stipulated by law.

Legal form	Association	Mutual Help Associations For Employees	Mutual Help Associations Of Pensioners
Transparency and publicity requirements (and related auditing issues)	<p>It is good practice for an association to publish an annual report along with information on revenues and expenditures, but not imposed by law.</p> <p>However, an association must submit balance sheets and financial accounts to the fiscal authorities. They will be further incorporated in the database of taxpayers from the Ministry of Finance, and some of the information is made public and available for any interested person.</p> <p>External audits are good practice, but again not imposed by the law. It is usually the grant makers practice to require external audits for the use of funds they provided to an association.</p>	<p>It is good practice for an association to publish an annual report along with information on revenues and expenditures, but not imposed by law.</p> <p>Additionally, the mutual help associations have to notify the National Bank and the county/ national union they are affiliated to, every quarter, of all the financial and economic developments of their activities.</p> <p>However, an association must submit balance sheets and financial accounts to the fiscal authorities. They will be further incorporated in the database of taxpayers from the Ministry of Finance, and some of the information are made public and available for any interested person.</p> <p>External audits are good practice, but again not imposed by the law.</p>	<p>It is good practice for an association to publish an annual report along with information on revenues and expenditures, but not imposed by law.</p> <p>Additionally, the mutual help associations have to notify the National Bank and the county/ national union they are affiliated to, every quarter, of all the financial and economic developments of their activities.</p> <p>However, an association must submit balance sheets and financial accounts to the fiscal authorities. They will be further incorporated in the database of taxpayers from the Ministry of Finance, and some of the information are made public and available for any interested person.</p> <p>External audits are good practice, but again not imposed by the law.</p>
Employee involvement systems	<p>Usually the staff cannot participate in decision making, unless they have a representative in the Board of Directors. In practice, sometimes the executive director is also one of the members of the board.</p> <p>Associations can involve their staff in other ways, such as establishing consultative boards or encouraging a staff representative to join the board, but there is no legal requirement for an association to do so.</p>	<p>Usually the staff cannot participate in decision making, unless they have a representative in the Board of Directors. In practice, sometimes the executive director is also one of the members of the board.</p> <p>Associations can involve their staff in other ways, such as establishing consultative boards or encouraging a staff representative to join the board, but there is no legal requirement for a mutual help association to do so.</p>	<p>Usually the staff cannot participate in decision making, unless they have a representative in the Board of Directors. In practice, sometimes the executive director is also one of the members of the board.</p> <p>Associations can involve their staff in other ways, such as establishing consultative boards or encouraging a staff representative to join the board, but there is no legal requirement for a mutual help association to do so.</p>
Distribution of the proceeds of dissolution,	<p>Associations are dissolved lawfully:</p> <ul style="list-style-type: none"> ▪ when the period the association was established for has come to an end; 	<p>Mutual help associations are dissolved lawfully:</p> <ul style="list-style-type: none"> ▪ when the period the association was established for has come to an end; 	<p>Mutual help associations are dissolved lawfully:</p> <ul style="list-style-type: none"> ▪ when the period the association was established for has come to an end;

Legal form	Association	Mutual Help Associations For Employees	Mutual Help Associations Of Pensioners
liquidation, disinvestment (in particular provision of asset lock)	<ul style="list-style-type: none"> ▪ when the purpose for which it has been established has been accomplished or can no longer be accomplished, and if within 3 months from reaching such conclusion the purpose is not modified; ▪ when the general assembly or the board of directors can no longer be constituted according to the statute of the association, and this situation lasts for more than a year; ▪ when the number of members has dropped under the limit provided by the law, if the number has not been completed within 3 months. ▪ Upon the request of any interested person, the court will just acknowledge the lawfully ceasing of the legal person. <p>The association is dissolved by court decision, upon request from any interested person:</p> <ul style="list-style-type: none"> ▪ when the purpose or the activity of the association has become illicit or contrary to the public order; ▪ when the purpose is accomplished by means illicit or contrary to the public order; ▪ when the association seeks to accomplish another purpose than that for which it has been established; ▪ when the association is insolvent; ▪ in the case administrative authorisations or certifications would have been mandatory for having the right to operate have not been obtained. 	<ul style="list-style-type: none"> ▪ when the purpose for which it has been established has been accomplished or can no longer be accomplished, and if within 3 months from reaching such conclusion the purpose is not modified; ▪ when the general assembly or the board of directors can no longer be constituted according to the statute of the association, and this situation lasts for more than a year; ▪ when the number of members has dropped under the limit provided by the law, if the number has not been completed within 3 months. ▪ Upon the request of any interested person, the court will just acknowledge the lawfully ceasing of the legal person. <p>The association is dissolved by court decision, upon request from any interested person:</p> <ul style="list-style-type: none"> ▪ when the purpose or the activity of the association has become illicit or contrary to the public order; ▪ when the purpose is accomplished by means illicit or contrary to the public order; ▪ when the association seeks to accomplish another purpose than that for which it has been established; ▪ when the association is insolvent; ▪ in the case administrative authorisations or certifications would have been mandatory for having the right to operate have not been obtained. <p>As specific provision, the National Bank has the legal capacity to initiate the procedures for</p>	<ul style="list-style-type: none"> ▪ when the purpose for which it has been established has been accomplished or can no longer be accomplished, and if within 3 months from reaching such conclusion the purpose is not modified; ▪ when the general assembly or the board of directors can no longer be constituted according to the statute of the association, and this situation lasts for more than a year; ▪ when the number of members has dropped under the limit provided by the law, if the number has not been completed within 3 months. ▪ Upon the request of any interested person, the court will just acknowledge the lawfully ceasing of the legal person. <p>The association is dissolved by court decision, upon request from any interested person:</p> <ul style="list-style-type: none"> ▪ when the purpose or the activity of the association has become illicit or contrary to the public order; ▪ when the purpose is accomplished by means illicit or contrary to the public order; ▪ when the association seeks to accomplish another purpose than that for which it has been established; ▪ when the association is insolvent; ▪ in the case administrative authorisations or certifications would have been mandatory for having the right to operate have not been obtained. <p>As specific provision, the National Bank has the</p>

Legal form	Association	Mutual Help Associations For Employees	Mutual Help Associations Of Pensioners
	<p>The association may also dissolve on the decision of the General Assembly. Within 15 days from the date of the General Assembly made the decision, the notarised minutes, must be submitted to the court, in order to be registered in the Registry of associations and foundations.</p>	<p>dissolution.</p> <p>The association may also dissolve on the decision of the General Assembly. Within 15 days from the date of the General Assembly made the decision, the notarised minutes, must be submitted to the court, in order to be registered in the Registry of associations and foundations.</p>	<p>legal capacity to initiate the procedures for dissolution.</p> <p>The association may also dissolve on the decision of the General Assembly. Within 15 days from the date of the General Assembly made the decision, the notarised minutes, must be submitted to the court, in order to be registered in the Registry of associations and foundations.</p>
<p>Distribution of the proceeds of dissolution, liquidation, disinvestment (in particular provision of asset lock)</p>	<p>The remaining assets after liquidation cannot be distributed to its members but is transferred to organisations with an identical or similar purpose.</p> <p>In cases where the association has been dissolved for reasons related to the illicit purpose or illicit means, the assets remaining after liquidation shall be taken over by the state authorities.</p>	<p>The remaining assets after liquidation cannot be distributed to its members but is transferred to organisations with an identical or similar purpose.</p> <p>Still, before that, the members are entitled receive their contributions paid to the social fund for loans.</p> <p>In cases where the association has been dissolved for reasons related to the illicit purpose or illicit means, the assets remaining after liquidation shall be taken over by the state authorities.</p>	<p>The remaining assets after liquidation cannot be distributed to its members but is transferred to organisations with an identical or similar purpose.</p> <p>Still, before that, the members are entitled receive their contributions paid to the social fund for loans.</p> <p>In cases where the association has been dissolved for reasons related to the illicit purpose or illicit means, the assets remaining after liquidation shall be taken over by the state authorities.</p>
<p>Conversion to another form of company</p>	<p>Not applicable to legal form.</p>	<p>Not applicable to legal form.</p>	<p>Not applicable to legal form.</p>

Annex 2 Information sources

A2.1 List of references

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A2.2 List of consultees

A2.2.1 Social enterprises

1. AGAPIS
2. Asociația umanitară împreună pentru ei
3. Fundația cartea calatoare
4. Gaspar, Baltasar, Melchior Asociație
5. Asociația Mai bine
6. Asociația Prietenia
7. Fundația Ruhama
8. Asociația Touched Romania
9. ViitorPlus - asociația pentru dezvoltare durabilă
10. Asociația Village Life
11. Alternative Sociale Association
12. Asociația pentru Dezvoltare și Promovare socio-economică, Catalactica
13. Asociația pentru Economie Socială
14. Fundația Alături de Voi
15. Fundația "Pentru Voi"
16. Asociația React
17. Centrul Român pentru Educație și Dezvoltare Umană – C.R.E.D
18. Federația Filantropia
19. Fundația Motivation România
20. Fundația Pentru Dezvoltarea Economiei Sociale
21. R I E S – Rețeaua Incubatoarelor De Economie Socială

A2.2.2 Stakeholders

22. Institutul de Cercetare a Calității Vieții
23. Institutul de Economie Socială
24. Development Programme (UNDP) in Romania
25. PETROM
26. HEINEKEN, Programul "HEINEKEN pentru Comunități"
27. NESsT