



European
Commission

SOCIAL ENTERPRISES
AND THEIR ECOSYSTEMS
IN EUROPE

Country report

SPAIN

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This report is part of the study “Social enterprises and their ecosystems in Europe” and it provides an overview of the social enterprise landscape in Spain based on available information as of November 2019. It describes the roots and drivers of social enterprises in the country as well as their conceptual, fiscal and legal framework. It includes an estimate of the number of organisations and outlines the ecosystem as well as some perspectives for the future of social enterprises in the country.

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This report is a second update of the original country report, submitted by ICF Consulting Services to the European Commission in 2014. The current version is based on available information as of November 2019.

Both updates were completed by Millán Díaz, Carmen Marcuello (University of Zaragoza) and Rocío Nogales (EMES). The authors acknowledge the valuable input from various stakeholders as well as from EU level project coordinators (Carlo Borzaga, Giulia Galera, Rocío Nogales, Barbara Franchini and Stefania Chiomento) and the members of the advisory boards for the 2016 and 2019 update rounds.

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

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

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List of acronyms

- > **AEDIS** Business Association for Disability (*Asociación empresarial para la discapacidad*)
- > **CEE** Special employment centre for social initiative (*Centro especial de empleo*)
- > **CEPES** Spanish Confederation of Entities of Social Economy (*Confederación Empresarial Española de la Economía Social*)
- > **CERMI** Spanish Committee of Representatives of Persons with Disabilities (*Comité Español de Representantes de Personas con Discapacidad*)
- > **CIRIEC** International Centre for Research and Information on the Public, Social and Cooperative Economy (*Centro Internacional de Referencia en la Investigación e Información sobre la Economía Pública, Social y Cooperativa*)
- > **CIS** Social initiative cooperative (*Cooperativas de iniciativa social*)
- > **COCEMFE** Spanish Confederation of People with Physical and Organic Disabilities (*Confederación Española de Personas con Discapacidad Física y Orgánica*)
- > **COCETA** Social Initiative Cooperatives Association (*Confederación Española de Cooperativas de Trabajo Asociado*)
- > **EI** Employment integration enterprise (*Empresa de inserción*)
- > **FAEDEI** Federation of Associations for the Professional Integration of Communities at Risk of Exclusion (*Federación de Asociaciones Empresariales de Empresas de Inserción*)
- > **FEACEM** Business Federation of Associations of Sheltered Employment Centres (*Federación Empresarial Española de Asociaciones de Centros Especiales de Empleo*)
- > **INFES** National Institute for the Promotion of the Social Economy (*Instituto Nacional de Fomento de la Economía Social*)
- > **NPO** Non-profit organisation
- > **ONCE** Spanish National Organisation for the Blind (*Organización Nacional de Ciegos de España*)
- > **REAS** Network of Alternative and Solidary Economy (*Red de Economía Alternativa y Solidaria*)
- > **WISE** Work Integration Social Enterprises (in Spain this includes CEEs and EIs)

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Executive summary

Background

The evolution and situation of social enterprises in Spain are inevitably linked to the wider framework of the social economy. Although other marginal roots also exist in relation to advocacy associations, social innovation approaches and the contribution of social entrepreneurs, Spain has a long tradition of social economy organisations involved in income-generating activities for social rather than commercial purposes. The term “social economy” is more recognised by practitioners and society than “social enterprise”, although an intense debate is emerging.

Concept, legal evolution and fiscal framework

Currently, there is a dialogue in Spain between two ways of understanding social enterprises and how they stand between the traditional forms of social economy and new business models that balance economic and social aims. One position understands social enterprise as part of the social economy, while the second considers social enterprise as a new field. A recent evolution in the conception of social enterprises fits between these two positions, reaching a common point whereby the concept of social enterprise could be integrated into the social economy framework as the result of the expansion of its borders. Such a perspective is in line with the resolution of the Spanish Parliament, which understood Law 5/2011 on the Social Economy to be the legal framework for social enterprises in Spain. This law offers a legal framework for all entities that form the social economy, such as those that traditionally belonged to the social economy, as well as for all other models of enterprises whose economic activity is based on the principles of social economy. These principles are in accordance with the EU operational definition of social enterprise (see Annex 1), although the latter is characterised by an emphasis on the general interest and the participatory governance of these organisations. In all, Law 5/2011 has the flexibility to become the legal framework for social enterprises in Spain.

Some specific business models can be characterised as social enterprises in Spain. Firstly, those with a long tradition in the provision of social services and/or goods and services to vulnerable people which sometimes are regulated as specific legal forms, and other times via social qualification of conventional companies. These models are social initiative cooperatives (CIS), work integration social enterprises (WISE)—which include two sub-models, namely employment integration enterprises (EI) and special employment centres of social initiative (CEE)—and some associations and foundations with economic activities.

Social initiative cooperatives (CISs) have been regulated since 1999 by the national law on cooperatives that includes this model as a new type of cooperative. It is also included in regional laws on cooperatives, although in some cases, more than as a new type of cooperative, the CIS is understood as a qualification of cooperatives. Likewise, WISEs are ruled by specific regulations at national and regional levels which have been updated regularly to better fit the specific features of these organisations.

Law 31/2015 qualifies as employment integration enterprises (EIs) those conventional companies (limited liability companies) whose social objective is the training and integration of people experiencing social exclusion as a way to access the ordinary labour market. The law specifies that these entities provide services of general economic interest.

Similarly, the special employment centre (CEE) is the designation for those limited liability companies whose aim is to offer paid employment and provide personal and social services to people with disabilities. The Law has been recently modified to specify as special employment centres "of social initiative" those promoted and participated by non-profit entities or entities that have their social aim recognised in their statutes, differentiating them from those special employment centres that seek to maximise benefits through tax support for hiring people with disabilities. Therefore, there is specific legislation that regulates social enterprises in practice—even though it does not mention the term specifically—which connects with the tradition of legislation in other neighbour EU countries (e.g., Italy).

Beside social initiative cooperatives, other types of cooperatives could be defined as social enterprises. Moreover, it is worth noting that some innovative businesses search for social performance in a way that is difficult to fit into previous models. They can be considered as emerging forms of social enterprises, and in this sense it may be necessary to formulate a specific normative regulation for these social enterprises to promote and develop them and to expand the scope of the previous models.

Mapping

In 2017 (the last year with complete data), there were 1,597 social enterprises in Spain according to available sources (657 CISs, 260 EIs, and 670 CEEs). Andalusia, Catalonia and the Basque Country are the regions with more entities, as well as the Valencian Community in the case of CISs. Social enterprises carry out economic activity mainly in sectors such as cleaning and both personal and social services.

Ecosystem

Spain's emerging social enterprise ecosystem shows a contrast between institutionalisation and innovation. The country's social economy, which is highly influenced by governmental agencies, exists alongside new social entrepreneurship and innovation agents that promote business support, incubators, facilities or learning and exchange platforms. Policy schemes and support measures follow these two approaches mirroring this divide within Spain's ecosystem's spectrum: those that address the social economy, understanding social enterprises as highly related in the Spanish case; and those that are specifically designed for social enterprises. The country's public procurement is framed within Law 9/2017 on Public Sector Contracts. Social enterprise networks are considered for their double mission: to defend the collective and professional interests of social enterprises, and to promote and enact all types of services that serve the interests and needs of social enterprises. Research, education and skills development are discussed continue to consolidate, contributing to the recognition of social enterprises. Financing is largely considered an issue of self-funding through economic activity rather than public grants or private donations as in the past.

Perspectives

As anticipated above, in Spain there is an ongoing debate about social enterprises. The main discussion topics revolve around the position of social enterprises in relation to the social economy, the level of constraint on profit distribution, the sources of funding, the economic role of these organisations and the need to create a social enterprise label. In all, these issues point toward the wider debate of whether social enterprises can best be understood as an innovative institutional tool for a new social welfare system or as an excuse to justify the withdrawal of public authorities from the provision of certain services.



1

BACKGROUND: SOCIAL ENTERPRISE ROOTS AND DRIVERS

This first section highlights Spain's wider social economy framework as the main root and driver for social enterprise. It refers to the country's long tradition of social economy organisations involved in income-generating activities for social rather than commercial purposes. Other more minor roots include advocacy associations, social innovation approaches and the contribution of social entrepreneurs. Two approaches exist in relation to traditional forms of social economy and new business models that balance economic and social aims: one understands social enterprise as part of the social economy, while the other considers social enterprise as a new field. The recent evolution of social enterprises fits between these two positions, whereby social enterprise could be integrated into an expanded social economy framework. Such a perspective is in line with the parliamentary resolution that presented Law 5/2011 on the Social Economy as the legal framework for Spanish social enterprises. In accordance with the EU operational definition of social enterprise, the law offers a legal framework for all entities that form the social economy, including those that traditionally belonged to the social economy and all other enterprise models whose economic activity is based on social economy principles.



16 | Background: social enterprise roots and drivers

Social enterprise as a new phenomenon can be traced back to the tradition of the different entities comprising Spain's social economy and to non-profit organisations (NPOs), such as associations that do not engage in economic activities. Spain's long tradition of a social economy includes different types of organisations, such as cooperatives, voluntary bodies and foundations, as well as other NPOs that have long taken part in income-generating activities for social rather than commercial purposes.

An example is the so-called *sociedades de socorro mutuo* (literally, "mutual relief societies", which largely correspond to the modern concept of "mutual insurance organisations") which emerged in the 19th century as precursors to a social security system. These societies aimed to respond collectively to individual needs or risks; e.g., by providing health insurance or tackling unemployment. This collectivist aspect represents one of the main characteristics of the social economy in the country, which contrasts with the impulse of the social entrepreneur with an individual dimension that has been attracting a lot of interest in the Spanish context recently.

The economic context across history has paved the way for the emergence of socially oriented organisations in Spain. The economic situation in the 19th century and the beginning of the 20th century in the rural areas caused the emergence of agrarian cooperatives and their credit sections and savings banks which favoured the financial inclusion of its members. Likewise, the industrial crisis of the 1970s (which coincided with the political process of Spain's transition to a democratic form of government) resulted in high levels of unemployment and public spending cuts. Subsequently, civil society organisations, as proto-social enterprises, emerged in response to unmet demand for social services and to solve unemployment problems. In practice, during this period, different institutional arrangements emerged that would be grouped in the social economy sector and create the basis for social enterprises in Spain: work integration social enterprises, among others. The social and economic crisis suffered in Spain in recent years has caused the flourishing of new models of business to try to satisfy the economic, social, environmental and cultural necessities, among others, of their communities. This has been an important stimulus for emerging social enterprises, sometimes linked to legal innovations that allow for better development of these entities.

In order to understand the Spanish situation, it is worth noting the decentralised administrative system in the country. Such distribution results in a high diversity in the public policies promulgated in the regions, which affects their social and economic development as well as the capacity for creation and consolidation of social enterprises. This effect is examined in the following sections, mainly in the figures of social enterprises and in the origin of legislative proposals on this field across the regions.

Finally, the high level of institutionalisation of the social economy in Spain requires that any new organisational model active in the social field uses this socio-economic sector with a strong relevance to the Spanish reality as a reference framework.

2

CONCEPT, LEGAL EVOLUTION AND FISCAL FRAMEWORK

In the second section, business models that are deemed social enterprises in Spain are investigated in terms of their concept, legal evolution and fiscal framework. The sector's recognised legal forms include: social initiative cooperatives (CISs), work integration social enterprises (WISEs)—both employment integration enterprises (EIs) and special employment centres of social initiatives (CEEs)—and certain associations and foundations that undertake economic activity. In addition to social initiative cooperatives, other types of cooperative are considered potentially legitimate social enterprises. The future formulation of specific normative regulation for certain innovative businesses that do not easily fit within current models are also discussed.



20 | Concept, legal evolution and fiscal framework

Social enterprises have originated mainly from two sources: one stemming from the social economy with deep historical roots, and the other, with more recent historical roots, related to their evolution from advocacy associations which are not included in the social economy sector.

Focusing on the former, cooperatives have a special relevance both to the development of the social economy and to the current process of the institutionalisation of social enterprises. They were regulated by Law 3/1987, which recognized some features to cooperatives that are now used in the EU operational definition of social enterprises. Likewise, the following updated laws on cooperatives have included new types of cooperative that fit the EU operational definition better. A key example is the social initiative cooperative (*cooperativa de iniciativa social* [CIS]) (National Law 27/1999), following the examples of some other EU member states, such as Italy¹. Additionally, the latest regional laws on cooperatives include new types that presuppose an evolution to social enterprises due to their economic activities (housing cooperatives under cession of use) and the agents involved (public service and entrepreneurial initiative cooperatives).

Second, this period of industrial crisis also witnessed the emergence of two types of work integration social enterprise (WISE)—those targeting people with disabilities (sheltered workshops), named "special employment centres of social initiative" (*centros especiales de empleo* [CEE]), and those targeting socially excluded groups, named "employment integration enterprises" (*empresas de inserción* [EI]). WISEs were different from cooperatives because they were not mutual self-help organisations but were aimed at integrating those who were systematically excluded from the employment market.² The two types of WISE could be considered social enterprises in Spain although they were created 20 years before this term appeared.

Third, associations and foundations are other organisations that form the roots of social enterprises in Spain. They evolved from being devoted to cultural, educational and other non-economic activities to carrying out relevant economic activities, and in many cases promoting the types of enterprises mentioned in the previous paragraph. In this sense, the decade of the 2000s also witnessed a significant development in the recognition and regulation of NPOs (associations, foundations and non-governmental organisations [NGOs]). A more favourable fiscal framework for these entities was laid down in 2002 by Law 49/2002 on the fiscal regime of non-profit entities and on fiscal incentives for patronage.³ In the same year, Law 1/2002 was issued for associations, replacing the pre-Franco legislation that had been in effect since 1965. Similarly, for

(1) Ibid.

(2) Vidal, I. (2001) Social enterprises as a response to employment policy failure, in Borzaga, C. and Defourny, J. (Eds). *The Emergence of Social Enterprise*, London, Routledge.

(3) Available at: <https://www.boe.es/buscar/act.php?id=BOE-A-2002-25039>.

foundations, Law 50/2002 was promulgated in 2002 replacing laws dating back to the 19th century. These revisions allowed associations and foundations to develop economic activities under better conditions.

All of the above-mentioned organisations were included in the umbrella term of social economy during the 1990s, causing the concept of social economy to be more widely recognised than that of social enterprise. The recognition of this concept results from three main issues: first, the formation of the National Institute for the Promotion of the Social Economy (*Instituto Nacional de Fomento de la Economía Social* [INFES]) in 1990; second, the Ministry of Employment and Social Security's publication of a white paper on Spain's social economy in 1992; and third, the collection and publication of statistics on worker-owned companies and cooperatives from 1993 onwards.⁴

This institutionalisation process was also based on further legislative initiatives aimed at giving an impetus to certain segments of the social economy being transformed into new forms of enterprise, such as Law 39/2006 on the Promotion of Personal Autonomy and Attention to Persons in a Situation of Dependency, and Law 44/2007 on the Regulation of Employment Integration Enterprises (EI). However, the main achievement in this process was the Law on Social Economy (Law 5/2011), which was introduced with the aim of recognising and supporting social economy as a separate economic sector that would require substantive public promotion and support. Following this example, this legal framework has also been developed in other European countries, such as Portugal (2013) and France (2014).

In summary, in Spain, the social economy concept has achieved public recognition and has been explicitly regulated by law. In contrast, the social enterprise concept has received less public recognition, with inadequate development of explicit regulation. However, even when social enterprises are not recognised by a specific law, it does not mean that there is no legal framework for organisations that could be defined as social enterprises. In fact, social enterprises can be included in the general Law on Social Economy. This issue is developed in more depth in the next section.

Finally, as mentioned above, in addition to the two main roots of social enterprises in Spain, the latest economic crisis and the ensuing public fiscal austerity, as well as the high unemployment rate and cuts in welfare state provision, represent recent drivers for the creation of social enterprises in Spain. These factors, combined with new elements from the supporting structures, such as social entrepreneur programmes and private initiatives for encouraging social initiatives, seem to have acted as impulses for

(4) The recognition of the relevance of social economy organisations by public authorities has reached its highest level in 2020, when the newly established Spanish Government established the Ministry of Employment and Social Economy. Due to the recent changes at the time of writing, the structure and policies of the new Ministry are not yet defined. For this reason, the current report refers to the previous denomination and structure of the Ministry.

22 | Concept, legal evolution and fiscal framework

emerging new forms of social enterprises, where entrepreneurs engage in economic activities but with clear social aims and within a participatory decision-making process. All of them represent a movement of new civic attitudes towards co-responsibility and the resolution of common problems, coming from the private sphere.⁵ In this regard, the transition from traditional sources of funding for associations and foundations (public funding and donations) to new sources of funding (e.g., crowdfunding) is currently underway in parallel with the engagement in economic activities to achieve their social aims and make them sustainable over time.⁶ In this sense, another consequence of the crisis is the shift in attitude of Spanish social investors towards the type of projects for investment. Over the last few years, new initiatives by investment funders which are interested in international cooperation and environmental activities have been created, following requests from clients of private banks. In the beginning, clients were looking for returns in social or environmental terms. They are currently shifting their focus to groups at risk, such as unemployed people or people with disabilities who have been severely affected by the economic crisis.

In short, there are two types of social enterprise drivers in Spain: one whose roots are based on the social economy sector, with a long tradition and an intense institutionalisation process; and the other in response to the recent economic situation and its consequences, with the solution promoted by social entrepreneur programmes and clients of private banks. We focus on these groups in the following sections to explain their influence on the landscape of social enterprises in Spain.

2.1. Defining social enterprise borders

2.1.1. The EU operational definition of social enterprise

This report draws on the organisational definition included in the Social Business Initiative (SBI) of 2011. According to the SBI, a social enterprise is an undertaking:

- > whose primary objective is to achieve social impact rather than generating profit for owners and shareholders;
- > which uses its surpluses mainly to achieve these social goals;
- > which is managed in an accountable, transparent and innovative way, in particular by involving workers, customers and stakeholders affected by its business activity.

(5) Social Innovation Europe: Social Innovation in Spain. Available at: <https://webgate.ec.europa.eu/socialinnovationeurope/social-innovation-spain>.

(6) Salinas, F. and Rubio, M.J. (2001) Tendencias en la evolución de las organizaciones no lucrativas hacia la empresa social. CIRIEC-España, Revista de Economía Pública, Social y Cooperativa, No 37, pp.79-116.

This definition arranges social enterprise key features along three dimensions:

- > an entrepreneurial dimension,
- > a social dimension,
- > a dimension relative to governance structure.

Provided that the pursuit of explicit social aims is prioritised through economic activities, these three dimensions can combine in different ways; it is their balanced combination that matters most when identifying the boundaries of social enterprise.

Building upon this definition, the Commission identified a set of operational criteria during the previous stages of the Mapping Study (European Commission 2015, 2016) and refined them again for the purpose of the current phase of the study (see appendix 1 for further details).

2.1.2. Concept and legal evolution of social enterprise in Spain

In Spain, there is no formal definition of what constitutes a social enterprise, and this concept has scarcely been used in public discourse, policy and society in general. However, the situation is changing, and the concepts of social enterprise and social entrepreneurs are gaining in importance. The media have already reported about this new reality and related concepts,⁷ discussing social entrepreneurs who aim to improve society while carrying out economic activities. In parallel to this evolution, the social economy concept still prevails in the public discourse, the academic field and public policy, starting with the enactment of Law 5/2011 on Social Economy.

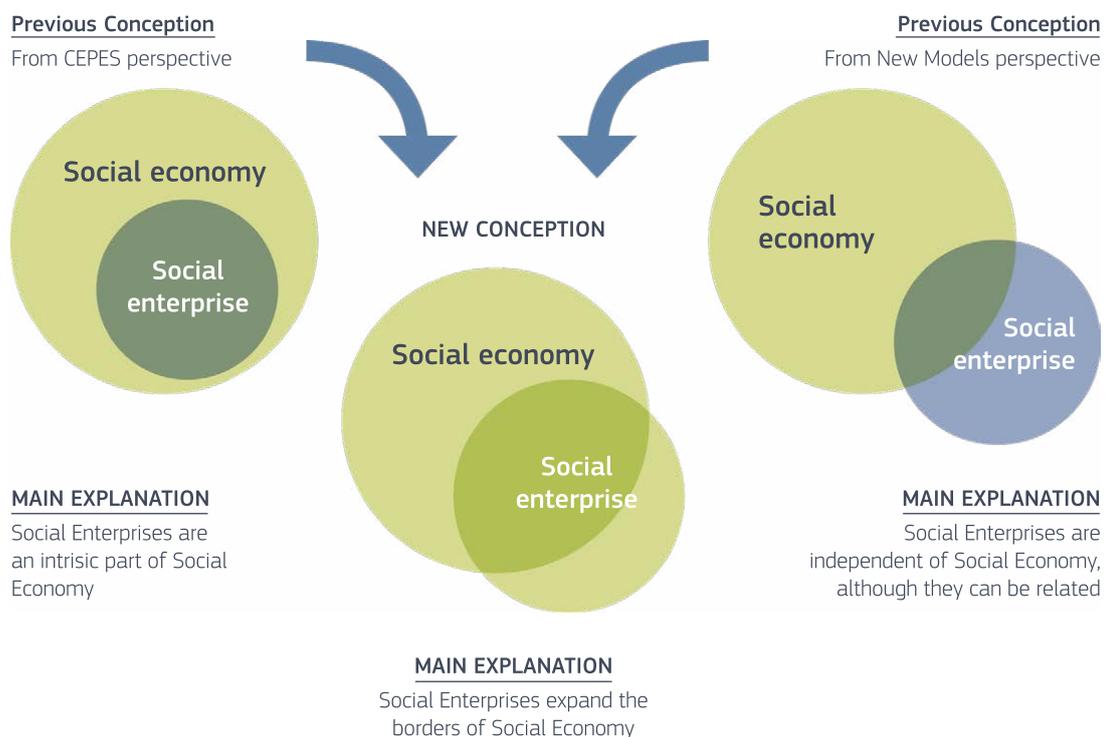
There is a conceptual debate in Spain about the relationship between the concepts of social economy and social enterprise.⁸ During the emergence of the social enterprise concept in the country, competition was observed between i) organisations supporting social economy and ii) social entrepreneurs' support organisations and other advocacy associations that were not self-included in the social economy sector. The former felt that forms such as cooperatives, WISEs, mutual insurance organisations, foundations or associations (all related to the social economy field) could be defined as social enterprises. The latter often preferred not to be linked to the traditional social economy sector and perceived themselves as comprising an innovative field with new rules.

(7) El País (2013): *Emprendedores con alma social*. Available at: http://sociedad.elpais.com/sociedad/2013/02/24/actualidad/1361743315_132277.html.

(8) There are differences and similarities between both concepts. In the annexes, working definitions of social enterprises and social economy can be found for comparison. Likewise, there are several documents referring to this topic. See e.g., Nogales, R. (2016): "On the concept of social enterprise in Europe"; a document drawn-up for the GECES, available at: <http://dobrarobota.org/wp-content/uploads/2016/04/GECES-Rocio-Nogales-Note-On-the-concept-of-social-enterprise-in-Europe-for-GECES-140416.pdf>.

However, a relationship between these terms can be observed, as revealed above. In other words, social enterprises could refer both to the traditional forms of social economy with some qualities and to those new business models that balance economic and social aims.⁹ Figure 1 presents this evolution.

Figure 1. Evolution of the relationship between the concepts of social economy and social enterprise in Spain



Source: Own graphic based on the comments of the stakeholders consulted for the purpose of this study.
Note: CEPES is the Spanish Confederation of Entities of the Social Economy.

This evolution in the relationship between the terms “social economy” and “social enterprise” could be observed in the evolution of the legal framework in Spain. Regarding the latter perspective of understanding social enterprise as a new field, a regulatory initiative was proposed to the Spanish Parliament in 2013, with the support of those advocacy associations that were not included in the social economy sector but were related to the ecosystem of social innovation and social entrepreneurship.¹⁰

(9) The authors would like to thank the stakeholders consulted for the purpose of the study for their inputs. They were very helpful for the understanding of the relationship between the concepts of social economy and social enterprise.

(10) Available at: <http://www.upsocial.org/es/emprenedoria-incidencia-politica/noticia/promotores-de-referencia-del-emprendimiento-social-apoyan>.

The initiative pursued the establishment of a legal form of social enterprise called *Sociedad Limitada de Interés General* (literally, "General Interest Limited Company") and mainly focused on the creation of a legal framework to access investments of those enterprises with "social goals". This initiative was inspired by the Social Business Initiative (SBI) of the European Commission, with the objective of increasing visibility, credibility and recognition of social entrepreneurship. However, this initiative was not approved by the Spanish Parliament, stimulating a national debate about whether social enterprise should be developed within the framework of Law 5/2011 on Social Economy and according to the Commission's strategy.¹¹

The resolution of the Spanish Parliament indicated Law 5/2011 on Social Economy to be the legal framework for social enterprises in Spain, in line with the new concept illustrated in figure 1. This law builds a legal framework for all entities that form the social economy. This law does not create (or regulate) a new legal entity type (the social economy entity) but simply groups together (for identification and promotional purposes) entities with specific legal forms that existed previously (Article 1). However, it stipulates that all entities included in this sector should follow values based on certain principles, such as the supremacy of the person/social goal over capital, the distribution of profits that are not according to capital provision, devotion to social sectors and independence from public power (Article 4).¹²

Moreover, Law 5/2011 acknowledges entities that have traditionally formed part of the social economy, such as cooperatives, mutual insurance organisations, WISEs and associations and foundations engaged in economic activities, among others. However, the law also includes in social economy "all those enterprises whose economic activity is based on principles presented previously" (Article 5).

Following Fajardo's (2013) position, according to these previous arguments, the social enterprise concept could be integrated into the framework of social economy, even as an extension of the borders of social economy. In fact, regarding the principles of social economy (in accordance with the EU operational definition of social enterprise) and the

(11) Available at <http://www.europapress.es/epsocial/rsc/noticia-rsc-economia-congreso-rechaza-tramitar-ley-apoyo-empresa-social-voto-contra-pp-20140923200836.html>.

(12) Article 4: a) Primacy of people and social purpose over capital, as embodied in autonomous and transparent, democratic and participatory management, which takes priority over making decisions based on people and their work and contributions [of] services rendered to the entity or function of social order, in relation to their capital contributions; b) Application of the results of economic activity mainly based on the work and service provided or activity by the partners or members and, where applicable, the social order of the entity objects; c) Promotion of internal solidarity and society that promotes commitment to local development, equal opportunities for men and women, social cohesion, placing people at risk of social exclusion, employment generation and stability, the reconciliation of personal, family and professional life and sustainability; d) Independence from the government.

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broader view of the legal forms of social enterprises included in this sector, it could be concluded that Law 5/2011 has the flexibility to become the legal framework of social enterprises in Spain. Social enterprises can use the legal framework of social economy. In this way, even if they are not recognised by a specific law, they can be included in the general law on social economy.

Certainly, the use of two different terminologies ("social enterprise" at the European Union and at the international level and "social economy" at the Spanish level) could lead to confusion and an unsatisfactory interpretation and implementation of Law 5/2011 on Social Economy. The Spanish Confederation of Enterprises of the Social Economy (CEPES) shared the idea about the social enterprises' need to work towards greater visualisation and clearer articulation to better represent their values, interests and goals in order to achieve a stronger socio-economic impact. This approach would not only strengthen social enterprises but would also produce economies of scale and synergies among all entities forming the social economy. Indeed, this need is accentuated by the decentralised territorial model of Spain although the debate about the borders of social enterprise in Spain is still ongoing.¹³

In light of the above, several models of social enterprise can be identified in Spain:

- a. Social initiative cooperatives (CISs) (operating in sectors of collective interest)
- b. WISEs, including two organisational models – employment integration enterprises (EIs) and special employment centres of social initiative (CEEs)
- c. Associations and foundations that carry out economic activities
- d. Cooperatives pursuing general interest goals
- e. Emerging forms of social enterprises

(13) Academic discussions include contributions from Salinas and Rubio (2001), Chaves and Monzón (2012), the special issue of *CIRIEC-España, Revista de Economía Pública Social y Cooperativa* (2012), Díaz-Foncela *et al.* (2012) and Díaz-Foncela (2012).

a) Social initiative cooperatives (Cooperativas de iniciativa social, CIS)

Cooperatives form a heterogeneous group of economic entities and are described by Law 27/1999.¹⁴ This national law recognises 12 types of cooperatives, as follows: worker, consumer, housing, agricultural cooperatives, cooperatives of common exploitation of the land, service, fishermen, transport worker, insurance, healthcare, education and credit cooperatives. The law also includes a new cooperative form, namely the "social initiative cooperative", following "the social demands of solidarity and the new activities carried [out] for resolving unemployment problems, [which] includes new types of cooperative[s]" (Preface of Law 27/1999 on Cooperatives). The inclusion of the CIS is the first recognition of a new type of cooperative that fully complies with the EU definition of social enterprise.

The law defines the CIS as "those cooperatives that being non-profit and independent, mainly engage in either the provision of welfare services in health, educational, cultural or other activities of [a] social nature, or in the development of any economic activity [whose] object is the employment of people suffering from any kind of social exclusion and, in general, satisfy social needs not met by the market" (Article 106).

In addition to the national level, in Spain, regions (called "Autonomous Communities") can develop their own legal framework for cooperatives and are thus able to expand the types of cooperative (the latest regional laws on cooperatives, adopted in Andalusia, the Valencian Community and the Basque Country, mention various types of cooperatives, including housing cooperatives and junior cooperatives). All regional laws on cooperatives refer to the CIS, with a variety of focuses. While some regional laws refer to the national law and establish the CIS as a new type, other regional laws consider it a special type of worker cooperative, and several regional laws use the concept of a non-profit cooperative to refer to it, without a specific legal mention in the law.

Furthermore, each autonomous community uses different terms to refer to this type of cooperative, including social initiative cooperative, social welfare cooperative, social integration cooperative and social cooperative among others. All these different denominations are used as equivalent in this report (CIS) since they are used as equivalent in the Spanish context. Illustration 1 provides an example of a social initiative cooperative.

(14) Law 27/1999, on Cooperatives, of 26 July 1999, <https://www.boe.es/buscar/act.php?id=BOE-A-1999-15681>.

Illustration 1. TIEBEL, S. Coop.

TIEBEL is a social initiative cooperative located in Zaragoza. It seeks the creation of quality jobs, preferably for women; the employment integration of socially disadvantaged people; and the provision of quality services, including professional cleaning, occupational training and socio-cultural and sports animation.

TIEBEL is a response to the unemployment situation of a group of people with skills and who want to work. With more than 40 people included in the project and with the promotion of a social integration enterprise named TINSER in 2007, TIEBEL is an example of a typical social initiative cooperative engaged in the traditional activities of this type of organisation, focusing on a labour-intensive sector, such as cleaning.

The cooperative was founded in 1993 as a social initiative cooperative by group of unemployment women who wanted to work and wanted to be able to offer jobs especially for women. They started with home services, professional cleaning and professional gardening. In 1996 they started their own training project in professional cleaning aimed at women.

From 2013 TIEBEL promoted two "social spin-offs". The first project "aRopa2" is devoted to recovering and recycling used clothes and other textiles in Aragon. Its mission is to promote environmental protection and creation of jobs for people at risk of social exclusion. It is an excellent example of intercooperation between social enterprises. In fact, TIEBEL, S. Coop. and LaVeloz Cooperative Group are partners in the project: the former focuses on the process of inclusion of socially excluded people through selecting and cleaning the clothes; the latter with the delivery of used clothes and the sale of the garments following the cleaning process. Initially aRopa2 received the support of the local government during its start-up phase through subsidies and the permission for the use of public space for their clothes containers. The second project, "DE TESELA EN TESELA" is a cultural project in collaboration with the neighbourhood in which the cooperative was born. It is a workshop that promotes the art of the mosaic as an artistic and cultural element, taking advantage of heritage synergies in the town of Azuara.

More information: <http://www.tiebelcooperativa.com>

b) Work integration social enterprises (WISEs)

In Spain, there are two models of WISEs: (i) the employment integration enterprises (EIs) targeting socially excluded groups, and (ii) the special employment centres of social initiative (CEEs) specifically targeting people with disabilities (sheltered workshops). Both are a qualification awarded by the respective regional governments to limited

liability companies that officially apply to obtain the qualification, upon verification that the applicant enterprises satisfy specific characteristics that are described below.

Employment integration enterprises (Empresas de inserción, EI)

Employment integration enterprises are typically set up as cooperatives or limited liability companies created by foundations or associations. They must have more than 30% of workers in the employment integration process during the first three years of activity of a given entity, with this share rising to 50% from the fourth year onwards. EIs typically work with people referred by the Social Services, e.g., long-term unemployed, people who experienced substance use disorders in process of rehabilitation, current and former convicts. The law on employment integration enterprises was enacted in 2007 and was expanded by Law 31/2015 on the social economy. Moreover, some Autonomous Communities have specific laws on EIs. A typical EI with a long trajectory is presented in illustration 2.

Illustration 2. MAPISER

MAPISER was created by the Picarral Foundation and Integration Employment Foundation in 1997 to provide professional training and employment to people affected by or at risk of social exclusion.

MAPISER has been seeking employment niches in several areas (e.g., industrial handling, cleaning graffiti and painting façades, wooden packing, logistics and distribution, information and data services), becoming a social holding company whose enterprises complement each other in maintaining a balance between social objectives and the need to be economically viable.

MAPISER demonstrates the benefits of maintaining a willingness to pursue business opportunities in the real market. These market opportunities offer employment niches for the target population of the WISEs if these organisations are able to adapt the opportunities to satisfy the needs of these groups. Furthermore, collaboration and business cooperation are keys for creating and strengthening the networks serving these groups and for gaining long-term viability.

MAPISER's goal is to create stable and worthy employment for people with difficulties in accessing the ordinary labour market, to favour the employment and social insertion of workers, and to work for a future in which the company balances the human factor and profitability.

Similar to other WISEs in Aragon, the origin of MAPISER is the result of the collective activity of a neighbourhood association in Saragossa. The Picarral Neighbourhood

Association, in the North of Saragossa, promotes this WISE in collaboration with another organisation, the Integracion y Empleo Foundation. This neighbourhood association supports the Picarral Foundation, which aims to promote the social and employment integration of people with different disabilities (young people and people with limited intellectual capacities or slight psychiatric disabilities) and created the structure for MAPISER to carry out this goal.

Since the beginning, the project has relied on a large team of volunteers which collaborates with hired personnel to provide basic training, socio-cultural activities and workshops with users. Both groups are a key factor in the efficacy of the beneficiaries acquiring professional skills and the necessary resources.

MAPISER has demonstrated that it is possible to integrate a labour force in fields where specialisation is a key factor. The entry into new activities with a high added value such as managing and digitising documents and adapting to customer demands as a way to continue integration into the labour force are just two examples.

<http://www.mapiser.com>

Special employment centres for social initiative (non-profit qualification) (Centros especiales de empleo, CEE)

These entities were initially established by Law 13/1982 for the social integration of people with disabilities. They perform productive work, participate in commercial operations and aim at providing remunerated employment and personal and social services for workers with disabilities, who must constitute at least 70% of their staff. CEEs seek to integrate the highest possible number of people with disabilities into the labour market. Recently, Law 9/2017 on public procurement has modified the previous laws to specify as special employment centres "of social initiative" those promoted and participated by non-profit organisations or that have their social aim recognised in their statutes, differentiating them from CEEs of business initiative that seek to maximise benefits through tax support for hiring people with disabilities. Illustrations 3 and 4 provide two examples of CEEs.

Illustration 3. ANOBIUM

ANOBIUM is a special employment centre focused on the integration of people with all types of disabilities (physical, sensory and mental). It does this through activities linked to innovation and technology, with digitalisation of documents as the most important activity. It also manages social networks and websites of businesses and organisations, organic positioning of websites in online search engines (search engine optimisation [SEO]), and pay per click in online advertisements and marketing (search engine marketing [SEM]). It clearly shows two lines of activity in its business model—one focused on supplying information and communication technology (ICT) services to the market and the other on the work integration of people with disabilities.

ANOBIUM was officially founded in 2007. It divides its economic activity into three main areas: physical services, digital services and services of research and consultancy. ANOBIUM develops its economic activity simultaneously with the service of work integration, which is its *raison d'être* as a Social Enterprise. This is explained in the main objective of ANOBIUM: to focus on the person as the heart of their activity, providing a means for their socio-employment integration through decent work, a good work environment and employment security and stability, and supporting the personal development of the people who form the company.

The professional team is one of key elements in the services provided by ANOBIUM. One of the most important departments of ANOBIUM is the Department of Human Resources (in the organisational chart this is located at the level of the managerial staff). The Department of Human Resources manages the process of integrating disabled people into the workforce. The work integration service plans the work patterns and routines of workers in order to ensure the stability of their jobs. It allows employment time to be balanced with training time in order to facilitate the inclusion of disabled workers in the regular employment market. Thus, both social and employment integration of workers becomes the essence of ANOBIUM, and the development of services in the ICT industry is seen as an opportunity to continue expanding this work of integration into new niches of employment.

This work integration process is developed following protocols that have been perfected over time. The objective of systematising and professionalising the process of fostering and supporting is the acquisition and development of personal and social skills and work skills that will enable the person better access to work and the maintenance of a job.

<http://www.anobium.es/>

Illustration 4. Portal Berguedà

Portal Berguedà was created in 2012 by the Portal Foundation to provide professional training and employment to young people affected by dual pathology (people with addiction and a mental disorder) and their families. Young people produce dairy products, mainly yogurt, using the traditional method and under the direction of an artisan in a farm workshop. The yogurt products are sold in gourmet and specialty shops under the brand "Delícies del Berguedà".

The social enterprise gives a response to the problem of young and adolescent people affected by dual pathology that have made a therapeutic process and helped to exit the situation of risk. These people face major obstacles to incorporation into the labour market, and are unable to follow traditional education paths. A second objective, in the long-term, is to create a centre in which some of the workers can live in while others with more autonomy can live in protected tutor-supervised apartments.

The workers employ a tradition process with control of the products at the different stages of transformation, under the direction of an artisan, leading to extensive and sustainable production. The Delicies of the Berguedà brand applies innovative technologies to guarantee an artisan product as homemade.

In 2014 it was recognised as a quality gourmet product and is well positioned in the Horeca channel, counting among its portfolio of clients' hotels such as the Majestic, Casa Fuster and the W Barcelona.

Portal Berguedà is a social enterprise that benefited from the programme "Support to the Social Entrepreneurship of the Government of Catalonia". It is a member of the Xarxa Agrosocial promoted by the Fundació Catalunya-La Pedrera and is a founder partner of the Cooperativa 2147Mans.

<http://www.deliciesdelbergueda.cat/es>

c) Associations and foundations engaged in economic activities

Social enterprises in Spain can choose the legal form of foundations and associations performing economic activities. Their mission is to pursue a common general interest instead of an individual one. They are engaged in many field of economic activities (e.g., social services, care giving, education, fair trade, among others). Profits gained through the economic activity have to be used in line with their statutory purposes.

One emerging form is the "social enterprise holding group" where a foundation or association operates as a holding of special employment centres (CEEs). These business groups have reached a very important size, being able to be catalogued as

large enterprises, according to the standards of the European Commission.¹⁵ Illustration 5 and 6 are examples of holding groups of social enterprises.

Illustration 5. Rey Ardid Holding Group (FRRA)

Rey Ardid Holding Group (known as "Rey Ardid") was created in 1991 in response to the need to provide care for the most vulnerable people, creating environments that favour greater personal autonomy and a better quality of life and services.

Rey Ardid works in six areas (mental health, the elderly, children, training, integration and employment). It allows the design of complete schedules of care and rehabilitation and favours the integration of people with difficulties into a normal social, living and employment environment.

The main goals are to achieve full social integration, to cover the user's basic needs and to improve the quality of life for both them and their relatives. To achieve these goals the group has developed a range of actions: training, awareness, leisure and recreation etc. FRRA has established diverse agreements with official bodies and private institutions to develop assistance, prevention, rehabilitation, socio-professional integration and training activities

Twenty-five years after its foundation, Rey Ardid has evolved in parallel to the welfare state, expanding its intervention areas to ensure that attention is targeted on the most vulnerable people in society, namely, children and youngsters, the elderly, people with disabilities and people at risk of social exclusion. In addition, they are able to cater for people with mental disorders, following the creation of various NPOs that today form the Rey Ardid Holding Group.

In 2014, Rey Ardid assisted more than 5,715 people, thanks to the work of more than 773 qualified and experienced professionals and 90 volunteers.

In 2012, Emprey (Social Enterprises Rey Ardid) was created. This new project includes all the social enterprises of the Rey Ardid group. The objective is to pool resources, abilities, talent and experience and thus to become more innovative and effective. In other words, coming together to offer the best solution. In relying on the services of the Rey Ardid Foundation's social enterprises, customers put their trust in real people who act with responsibility and share the belief that social value is the best investment. Thanks to the continuous training of its workers and with backup of a large group,

(15) According to the EU Commission, "large enterprises" are defined as those with more than 250 employees and more than 50 million EUR annual turnover or more than 43 million EUR annual balance sheet total.

the social enterprises of the Rey Ardid Foundation are able to offer unique solutions, customised and adapted to the specific needs of each customer.

<http://www.reyardid.org>

Illustration 6. ILUNION

The ILUNION Business Group is a company established by ONCE and its Foundation. ONCE (*Organización Nacional de Ciegos Españoles*) is the representative organisation for blind people in Spain. It has originally targeted people with visual impairment, but during time it has extended its scope to address also the needs of people with other types of disabilities. ILUNION is comprised of five divisions that develop more than 50 lines of business including: business services, healthcare, tourism, marketing and consultancy, retail, energy, transport, logistics, hospitality, industrial, pharmaceutical, education, banking, insurance and telecommunications sectors. In 2017, ILUNION employed 35,000 workers, 40% of whom were people with a disability, with a turnover of 850 million EUR.

<https://www.ilunion.com/>

d) Cooperatives pursuing general interest goals

Beside social initiative cooperatives, other cooperatives can be considered as social enterprises based on the EU operational definition. A first group of such cooperatives is comprised by new cooperatives operating in sectors such as cultural, fair trade, rural and sustainable development. The second group is related to cooperatives with a long tradition which had been developing their activities in a way that could also fit the EU definition of social enterprise. Usually, all of these focus on carrying out their activities with particular environmental and social impacts and on the participative process in their management.

In this sense, it is noteworthy that Law 27/1999 on Cooperatives also includes the recognition of the "non-profit organisation" quality of those cooperatives that "manage services of collective interest or of public provision, and those that carry out economic activities driving the employment integration of people at risk of exclusion" (First additional disposition). Additionally, they have to explicitly include in their statutes their non-profit aims and the profit distribution constraints, including through cooperative returns such as wages in the case of worker cooperatives. Most of the regional laws on cooperatives also include this sub-type of cooperative.

Illustration 7 provides an example of these new cooperatives pursuing general interest goals in the sustainable development and renewable energy fields.

Illustration 7. SOM ENERGIA, S. Coop.

SOM ENERGIA is a non-profit renewable energy sources cooperative (REScoop), whose main activities are marketing and production of energy from renewable sources. It is committed to promoting the change of the current energy model into a 100% renewable model.

SOM ENERGIA began its activities in 2011, having been conceived a year before as a project driven by citizen participation to change the energy model. The partners of SOM ENERGIA are part of the cooperative thanks to an initial contribution to the social capital of 100 EUR. Any individual, company or public administration that shares the values of SOM ENERGIA can join the cooperative.

The cooperative produces energy through its own platforms from renewable sources (sun, wind, biogas, and biomass) and the funds are provided through voluntary contributions by the cooperative members. The cooperative manages, buys and bills the electricity consumed by its partners. It is recognised as a marketer of green electricity, according to its certificates of guarantee of origin.

The cooperative has a new generation electricity project, Planta Solar de Alcolea del Río. In 2016, 2,182 cooperative partners invested more than 2 million EUR in a self-production electricity platform. The project has been fully financed, built, connected to the network, and is producing green energy and returning it monthly and at cost to all those who have invested to make it possible.

The governing council, selected by members, is responsible for implementing the guidelines set by the assembly regarding the values set out in the statutes of the cooperative. The members of the governing council are unpaid volunteers.

SOM ENERGIA is an example of a social enterprise engaged in a new field of activity. The increase in members and consumers is very impressive (more than 5,000 people per year), reaching in August 2016 more than 27,000 members and more than 37,000 customers, with an estimated turnover for 2016 of 23 million EUR. In terms of networks, SOM ENERGIA is member of the umbrella cooperative of Spanish REScoops (Unión Renovables) and the European Federation, REScoop.eu.

<http://www.somenergia.coop/>

<http://www.unionrenovables.coop/>

e) Emerging forms of social enterprise

Some businesses that are unrelated to the traditional grassroots of the social economy but are linked to advocacy associations from the Anglo-Saxon perspective of social enterprise or other movements can also fit the EU operational definition of social

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enterprise. These are engaged in sectors such as culture, social innovation, rural development or Corporate Social Responsibility (CSR) consultancy, among others, and use legal forms different to those that are traditionally related to the social economy (including limited liability companies).

This category also includes the new process of collaboration between public administrations and civil society organisations (public-private partnerships) which could evolve into new forms of social enterprise. A concrete case of this new type of cooperative, is the so-called "public services cooperative" in the Valencian community and Andalusia, in which the public administration can become a member.¹⁶ Illustration 8 focuses on an employment integration enterprise with its special characteristic of being promoted by a local administration. Although employment integration enterprises have been explained earlier in this section, the characteristics of the promoter featured in Illustration 8 allow the entity's definition as a new emerging model of social enterprise. "Another paradigmatic example of public-private collaboration in the field of social enterprise promotion has been the MARES Madrid project, an URBAN project promoted by the Madrid City Council, together with 8 social enterprises and social entities of reference in the sector. Illustration 9 explains the characteristics of the project".

(16) Despite the large number of academic publications on this new type of cooperative (, we have been unable to find an illustration of a public service cooperative. No public administration has yet to explore this cooperative model.

Illustration 8. Municipal Services of Candelaria

Municipal Services of Candelaria is a public and municipal corporation owned by the municipality of Candelaria, a town in the Canary Islands. Created in 2007, it is dedicated to social and professional integration of people at risk of social exclusion or at risk of suffering exclusion. For the development of the activities that constitute its corporate purpose, the "Municipal Services of Candelaria" employment integration enterprise manages the following municipal services, which have been commissioned by the municipal authority: geriatric care for people at home; interior cleaning of properties and/or of urban equipment; concierge services for municipal buildings; the management of a pottery centre and of a municipal pool. The corporation's vision is to be a service company that operates with efficiency and quality, developing integration processes according to the individual agreements made by each person with the company and taking advantage of opportunities that may arise to promote job creation. The corporation's values include quality, efficiency, transparency, respect, honesty and good humour.

Municipal Services of Candelaria is the first example of a social enterprise created by a municipality in Spain; an EI devoted to solving problems of social and employment exclusion in the city.¹⁷ Municipal services and infrastructures are devoted to supporting the economic activity of the EI. In 2014, turnover amounted to 715,313 EUR and there were 33 workers, although in 2010 the levels were the highest so far: EUR 1.5 million EUR turnover and 60 workers, according to the commercial registry.

<http://www.candelaria.es/index.php/sector-publico-municipal/empresa-de-insercion>

(17) <http://web.eldia.es/sur/2013-01-27/1-Candelaria-primer-ayuntamiento-espanol-crear-empresa-insercion.htm>.

Table 1. Mapping of social enterprises in Spain

Dimension	Criterion	Social initiative cooperatives (CIS) - Law 27/1999	Employment integration enterprises (EI) - Law 44/2007	Special employment centres (CEE) - Law 13/1982 (non-profit qualification in Law 9/2017)	Foundations performing economic activity	Associations performing economic activity
Entrepreneurial dimension	Engagement in economic activity	Yes	Yes	Yes	Instrumental character	Instrumental character
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.	Pursue revenue generation through trading	Pursue revenue generation through trading	Pursue revenue generation through trading	Grants or donations and income from public contracting	Grants or donations and membership fees, plus income from public contracting
Entrepreneurial dimension	Use of paid workers	Yes	Yes	Yes	Yes but voluntary work is also a common practice	Yes but voluntary work is also a common practice
Social dimension	Social aim (public benefit)	Yes	Yes	Yes	Yes	Yes
Social dimension	Fields of activity	Operate in all sectors of the economy	Operate in all sectors of the economy	Operate in all sectors of the economy	Economic and non-economic	Economic and non-economic
Social dimension	Target groups (customers/users of goods and services provided)	Customers/users of goods and services provided	People in/at risk of social exclusion	People with different kinds of disabilities greater than 33% (national certification)	Various societal groups, users of goods and services provided	Various societal groups, members
Independence and governance	Distribution of profits and/or assets according to defined rules and procedures	No	No	No	No	No
Independence and governance	Profit distribution constraints	Yes	Yes	Yes	Yes	Yes

Dimension	Criterion	Social initiative cooperatives (CIS) - Law 27/1999	Employment integration enterprises (EI) - Law 44/2007	Special employment centres (CEE) - Law 13/1982 (non-profit qualification in Law 9/2017)	Foundations performing economic activity	Associations performing economic activity
Independence and governance	Asset lock	Yes	Yes	Yes	Yes	Not required by law
Independence and governance	Organisational autonomy	Yes	Yes	Yes	Depends on who the trustees/ managers are	Yes
Independence and governance	Inclusive governance – democratic and/or participatory decision making processes	Yes	Yes*	Yes*	Not typically	Yes
Independence and governance	Transparency – a system for measuring and reporting impact	Legal requirements (annual accounts and economic and social annual report)	Social balance promoted by FAEDEI and legal requirements (annual accounts and economic and social annual report)	Legal requirements (annual accounts and economic and social annual report)	Legal requirements (annual accounts and economic and social annual report)	Legal requirements (annual accounts and economic and social annual report)
Estimated % meeting eligibility criteria (approx. see also table 2 in section 3)	-	100%	100%	100%	90% (estimate)	100%

* Regarding the governance in EIs and CEEs for social initiative, the nature of the users in these enterprises makes it difficult to carry out a true democratic and participative management. In the case of both enterprise types, families of people with disabilities or organisations representing these groups are present at board and other levels of government, thus enabling their participation in decision-making.

Marks, labels and certification schemes

Spain does not have a formal certification scheme, mark or label for social enterprises. However, some experimental schemes have been developed.

One of them, was the small-scale certification scheme run in 2013 by FAEDEI, the National Federation of Employment Integration Enterprises. FAEDEI established a certification scheme for enterprises that fulfilled the following criteria:

- > buying products or services from employment integration social enterprises;
- > helping with job placements for people who have previously completed training in rehabilitation centres.

This initiative also aimed to raise awareness of the added value to society brought about by the associations belonging to FAEDEI. However, for several reasons this initiative did not gain enough traction to continue running after 2013. The emergence of Law 31/2015, which raises the provision grants to enterprises that hire people with disabilities and at risk of exclusion, was a real incentive for businesses. In addition, not all businesses want to publicise the fact that they hire people who were previously at risk of exclusion, so the cost-benefit analysis for FAEDEI to develop this label was not positive enough to continue beyond 2013.

REAS, the Network of Solidarity Economy, has promoted the creation of the Social Market, which aims to interconnect social and solidarity economy initiatives in a single economic circuit of production, distribution and consumption of goods and services and common learning, shared between social entities and consumers (individual and collective), and consistent with ethical, democratic, ecological and solidarity criteria.¹⁸ Among the instruments they use to achieve their objectives are the holding of local exhibitions, the publication of a common catalogue, the elaboration of a social audit, and a common image that functions as a label of the entities belonging to this social market network, which reinforces the idea of an Economic Solidarity Circuit.

2.1.3. Fiscal framework

Social initiative cooperatives (*Cooperativas de iniciativa social, CIS*)

CISs are regulated, like other cooperatives, by national Law 20/1990 on the fiscal regime of cooperatives. According to this Law, CISs can obtain a reduction in the general tax for businesses under some specific conditions related to the demonstration of the general interest of their economic activities. In the case of CISs, due to the recognition of their non-profit mission, their profits could be exempt, or, when they are not exempt, taxes

(18) More info about the Mercado Social is available at: <https://www.mercadosocial.net/que-es-mercado-social>.

apply to only 10% of their revenues. Likewise, they could be exempt in all agreement or business operations they carry out and receive a reduction of 95% on the Economic Activities Tax. Finally, as non-profit and general interest organisations, the same tax benefits as associations or foundations created by local authorities apply to CISs.

Employment integration enterprises (Empresas de inserción, EI)

This model of social enterprise is based on the general legislation of limited liability companies. However, Law 44/2007 on Employment Integration Enterprises explains that they can obtain reductions in social security contributions for workers at risk of exclusion (Law 4/2013 states that the reduction is of 1,650 EUR per worker and year when they are less than 30 years old). Other tax benefits are subsidies for economic compensation of the labour costs supported due to the integration process, and some subsidies for investment focusing on their social goal. Likewise, other regional subsidies apply for different concepts: hiring integration workers, technical support workers, specific technical support for their economic activities, and investments. These concepts and the amount included under them vary between regions.¹⁹

Special employment centres for social initiative (non-profit qualification) (Centros especiales de empleo, CEE)

CEEs are based on the general legislation of limited liability companies, which is the basis of this model. However, their focus on hiring people with disabilities leads to the application of special tax benefits. In concrete terms, a direct subsidy is applied together with a reduction in the annual business tax for each new worker hired, as well as a subsidy for adaptation of the workplace. There are also some exemptions applied in the annual business tax and the tax of consumption as a result of the non-profit mission of the activities carried out by these organisations.

Associations and foundations engaged in economic activities

The fiscal framework for foundations and associations performing economic activity is similar to that of commercial businesses. However, both of them can obtain fiscal exemptions from the annual business tax and other taxes according to Law 49/2002 of the Fiscal Regime for NPOs and the fiscal incentives for fundraising. This law also promotes donations to these entities with tax exemptions for the donors.

(19) Specific information on regional tax subsidies: <http://www.faedei.org/images/docs/documento60.pdf>.

Cooperatives pursuing general interest goals

The fiscal framework is national Law 20/1990 on the fiscal regime of cooperatives. This law applies some tax exemptions in the annual business tax in specific conditions. Likewise, when the cooperatives are qualified as "non-profit organisations", the same tax regime as for associations and foundations is applied.

Emerging forms of social enterprise

There is no specific fiscal framework for these new models: it is the same as that for commercial businesses except in the case where one of the legal forms employed above is used.

Table 2. Fiscal benefits according to legal forms

Legal form	Fiscal benefits
Social initiative cooperatives (CIS)	<ul style="list-style-type: none"> > With the recognition of their non-profit mission, their profits could be exempt or apply to just 10% of revenues. > Reduction of 95% in the Economic Activities Tax. > Same tax benefits as associations or foundations by local authorities.
Employment integration enterprises (EI)	<ul style="list-style-type: none"> > Reductions in the social security contributions of workers at risk of exclusion. > Subsidies for economic compensation of the labour costs supported due to the integration process. > Subsidies for investment focusing on their social goals. > Diverse regional subsidies.
Special employment centres for social initiative (CEE)	<ul style="list-style-type: none"> > Direct subsidy and reduction in the annual business tax for each new disabled worker hired. > Subsidy for adaptation of the workplace. > Some exemptions applied to the annual business tax and consumption tax due to the non-profit mission.
Associations and foundations carrying out economic activities	<ul style="list-style-type: none"> > Exemptions are related to the non-profit nature of these organisations. > There are also some tax exemptions for donors.
Cooperatives pursuing general interest goals	<ul style="list-style-type: none"> > Similar fiscal regime to cooperatives in general. > When they are qualified as "non-profit organisations", the same tax regime as for associations and foundations is applied.
Emerging forms of social enterprise	<ul style="list-style-type: none"> > No specific fiscal framework.

3

MAPPING

In the third section, Spanish social enterprises are mapped with available data up to 2017. Andalusia, Catalonia and the Basque Country are illustrated as the primary regions with more overall entities, whereas CISs are most prominent in the Valencian Community. Other information points to cleaning and both personal and social services as being the main social enterprise economic activity.



3.1. Measuring social enterprises

There is no institution responsible for systematically collecting data on social enterprises in Spain, so gathering aggregate figures is quite complicated. In fact, the only available statistics are for those social enterprises that have a specific legal form (CISs, EIs, CEEs, associations and foundations). Likewise, where statistics are collected, they vary according to the different scope applied; for example, the Spanish National Statistical Institute (*Instituto Nacional de Estadística*, INE) only gives data about cooperatives in general, without separating social initiative cooperatives, and the *Yearbook of the Third Sector* compiles data on associations and foundations as broadly conceived, including those entities that engage in activities related to rights advocacy, citizen participation and/or social needs (only the latter entities would normally be recognised as social enterprises).

On the other hand, entities representative of each model of social enterprise are grouped in the Spanish Social Economy Employers' Confederation (*Confederación Empresarial Española de la Economía Social*, CEPES), as the third level of representativeness; these statistics are the most comprehensive, and general numbers can be extracted to estimate the scale of the social enterprise sector in Spain as identified according to the EU operational definition (table 3).

Table 3. Estimated number of social enterprises in Spain, 2004-2017

Year	Social Initiative Cooperatives (CIS) ¹	Employment Integration Enterprises ²	Special Employment Centre for social initiative	Associations ³	Foundations ⁴	Total
2004	571	5	309	2,900	-	3,785
2005	578	60	760	2,900	-	4,298
2006	587	60	606	3,501	-	4,754
2007	599	108	700	4,001	12	5,420
2008	604	150	413	4,500	13	5,680
2009	566	154	440	5,001	16	6,177
2010	508	193	492	6,073	65	7,331
2011	-	200	490	6,059	46	6,795
2012	-	203	470	6,636	55	7,364

Year	Social Initiative Cooperatives (CIS) ¹	Employment Integration Enterprises ²	Special Employment Centre for social initiative	Associations ³	Foundations ⁴	Total
2013	600*	205	450	7,212	64	8,531
2014	621*	206	450	7,092	107	8,476
2015 ⁵	624*	-	-	-	-	-
2016	-	207	557	7,134	85	7,983
2017	647**	201	576	8,164	92	9,680

Source: Based on statistics from the Spanish Confederation of Entities of the Social Economy (CEPES) (http://www.cepes.es/social/estadisticas&e=entidades_evolucion) and representative entities of each type of social enterprise. Please note that the figures are a result of an estimation exercise).

* Estimation proposed by COCETA.

** Figures refer to a study that the authors of this report are conducting on CIS in Spain, based on data of the official register of cooperatives (Bretos, I., Díaz-Foncea, M. and Marcuello, C. "Las Cooperativas de Iniciativa Social: un modelo de Empresa Social en España", forthcoming in REVESCO, Revista de Estudios Cooperativos).

In addition to the data on the number of entities, there is a significant lack of data available for other figures, such as annual turnover, number of employees and characteristics of the workforce. In short, there is an information gap in this topic, and further reports and research are necessary to fill it.

According to available data collected from different sources, there were 647 Social Initiative Cooperatives (CIS) in Spain in 2017.²⁰ More available data are limited, but some numbers are: CIS had 8,995 initial members involved²¹ (the 69.5% have less than 5 initial members) and the initial social capital reaches 273 million EUR (the initial social capital is less than 10,000 EUR in the 72.2%). They are located in Catalonia (144), Basque Country (141), Andalusia (132), and with a lower level, in Madrid (93).

There were 201 Employment Integration Enterprises (EIs)²² in 2017, with 6,042 workers (inclusion and non-inclusion workers). The total percentage of income from the sale of

(20) Data comes from the first map on Social Initiative Cooperative in Spain elaborated in 2017 by the reviewers with the support of the Spanish Ministry of Labor and Migration. Report's authors contact with the regional official registries of cooperatives in order to obtain the official numbers of this type of cooperative, which were hitherto hidden among the data set of the co-operative sector.

(21) There is no information in the statistics about employment.

(22) Data from the National Federation of Employment Integration Enterprises (*Federación de Asociaciones Empresariales de Empresas de Inserción*, FAEDEI); <http://www.faei.org/images/docs/>

products and services represented 81.5% of turnover, while the percentage of total government assistance to operating income was 17.6%. Likewise, the majority legal form adopted by the EIs was that of the limited partnership, which comprised 79.7% of the total. The predominance of the commercial business compared to other legal forms represents a response to the regulation of these entities, as well as to regional regulations that promote the adoption of commercial forms for registration and access to public subsidies for inclusion.

There were 450 Social Employment Centres for Social Initiative (CEE) in 2014 (source: CEPES), employing 59,559 workers with disabilities (source: FEACEM).²³ The predominant legal form is the limited company (39.3%), followed by associations and foundations (30%), corporations (12.3%), cooperatives (9.7%) and employment societies (3.5%); 68.62% of their revenues came from sales (source: CIRIEC-Spain).

Data for other models of social enterprises is not available and cannot be included in this report. However, the increase in the total number of social enterprises in table 3 gives some indications of the positive trend in these entities.

3.2. Social enterprise characteristics

In this section, we will examine the main sectors of activity and target groups of social enterprises, as well as regional differences in social enterprises.

3.2.1. Sectors of activity

Social enterprises are active in many different economic sectors. Based on information obtained from representative organisations,²⁴ we can say that at present, WISEs (Social Employment Centres for Social Initiative and Integration Employment Enterprises) operate mainly in the economic sector, providing cleaning, personal services, gardening, recycling, small-scale manufacturing and construction. Social Initiative Cooperatives are active mainly in social services, education and employment integration. Associations

[documento62.pdf](#).

(23) No further information for disabled workers in Special Employment Centres is available, other than the total employment levels; see <http://www.feacem.es/es/centros-especiales-de-empleo/cifras/contratacion-de-personas-con-discapacidad-en-CEE>.

(24) Data presented in the report comes from reports issued by the representative organisations for the models of social enterprise discussed in this report (FAEDEI for Employment Integration Enterprises and FEACEM for Special Employment Centres for Social Initiative). This report was reviewed by these organisations, which provided updates on the information given in their own reports.

and foundations operate in social services as well as in the education, health and culture sectors. Table 4 provides some examples.

Table 4. Main sectors in which entities of the social economy operate

Type of entity	Main sector	Other sectors
Social initiative cooperatives (CIS)	Education and social services	Work integration, administrative activities, home care services, manufacturing
Employment integration enterprises (EI)	Cleaning/environment, recycling	Cleaning, maintenance services, textiles, construction
Social employment centres for social initiative (CEE)	Cleaning, personal services, gardening	Recycling, small-scale manufacturing, maintenance, construction
Associations and foundations	Social services	Education and health services, culture
Cooperatives pursuing general interest goals	Sustainable energy, promotion of entrepreneurship and culture	Education, retail trade, financial intermediation, health and social work, and community and social development
Emerging models of social enterprise	Sustainable energy, promotion of entrepreneurship and culture	Education, retail trade, financial intermediation, health and social work, and community and social development

Source: CEPES database for CEEs, EIs and Associations and Foundations. COCETA (2010) for Social Initiative Cooperatives. Results of SELUSI project for Cooperatives pursuing general interest goals.

Note: The information provided in the table is based on data referred to the top-15 entities within each group.

According to 2017 data, Social Initiative Cooperative are mainly engaged in fields such as education (30.9%) and social services (29.7%). Other fields of activity are employment integration, administrative activities, home care services or manufacturing (around 5%, each one).

Likewise, associations and foundations that act as social enterprises are most active in sectors related to community, social and other related services, although they are engaged also in other sectors.

Finally, cooperatives pursuing general interest goals and emerging forms of social enterprises are engaged in diverse sectors, like any commercial business. They are emerging in sectors as different as sustainable energy, promotion of entrepreneurship,

and culture. According to the SELUSI project,²⁵ they are also engaged in education, wholesale and retail trade, financial intermediation, health and social work, and community and social development.

3.2.2. Target groups

Social enterprises look after different groups of people. Regarding WISEs, in the case of CEEs for Social Initiative, their main aim is to provide employment for people with disabilities, as defined in Law 86/1982 on the Social Integration of the Disabled (LISMI). For this reason, the target groups are people with different kinds of disabilities. By law, at least 70% of employees in a WISE must be people with a disability equal to or greater than 33% (percentage measure at national certification).

In the case of EIs, Law 44/2007 specifies in Article 2 that the target groups are “people in situations of social exclusion who are unemployed and registered with public employment services, and who face special difficulties with integration into the employment market, including any of these groups:

- a. Recipients of welfare benefits, or any other provision of the same or similar nature, according to the denomination adopted in each autonomous community, as well as members of the unit of coexistence or beneficiaries of them.
- b. People who cannot access the benefits referred to in the preceding paragraph, for either of the following reasons:
 - > 1. Lack of the required period of residence or registration, or the establishment of the Perception Unit.
 - > 2. Having exhausted the legally established maximum period of financial grants.
- c. Young people over the age of 18 and under the age of 30 who come from child protection institutions.
- d. People suffering from drug addiction or other addictive disorders who are in the process of rehabilitation or social reintegration.
- e. Inmates of prison centres whose situation in prison allows them access to employment and whose employment relationship is not included in the scope of application of the special employment relationship laid out in Article 1 of the Real Decree 782/2001 of 6 July, as well as conditionally released and former prisoners.
- f. Young people under 18 included in the scope of Organic Law 5/2000 of 12 January on the criminal responsibility of minors, whose situation allows them to access

(25) More info about the SELUSI Project and national reports can be found at <http://www.selusi.eu/index.php?page=business-platform>.

employment and whose employment relationship is not included in the scope of the special employment relationship referred to in Article 53.4 of the regulation of the Act approved by Royal Decree 1774/2004 of 30 July, as well as those on probation and former inmates.

- g. People from alternative accommodation authorised by the Autonomous Communities and the cities of Ceuta and Melilla.
- h. People from prevention and social inclusion services approved by the Autonomous Communities and the cities of Ceuta and Melilla.

The exclusion of people belonging to the groups to which reference is made in paragraph 1 shall be accredited by the competent regional government's social services" (Article 2, Law 44/2007).

Regarding Social Initiative Cooperatives, according to a report by COCETA, in 2010 the main target group was elderly people, followed by sick people, families and the youngsters.

Likewise, as we describe above, the main targets of Associations and Foundations are disabled people and people at risk of exclusion. The emerging forms of social enterprise are more diverse and are devoted to different target groups. It is worth noting the expansion of their organisations' membership to focus not only on users, but also on consumers. For example, Som Energia, FIARE and Coop57 are all social enterprises in which the consumers of the activity (renewable energy in the former, and financial services in the two latter cases) are seen not as users but as active members with decision-making power. In fact, these social enterprises devote important economic resources to promoting genuine consumer participation in their activities.

3.2.3. Regional differences

In Spain, it is important to note that the delegation of powers to regional governments affects the status and potential activities of social enterprises. The different regional governments expand the historical delegation of competences in the case of cooperatives and employment fields to other formulas related to social enterprises, and can regulate and promote this figure in different ways in each region. Table 5 reports the number of social enterprises that are legally recognised in each region under Spanish law.

Table 5. Estimated number of social enterprises by region (2017)

Region	Social Initiative Cooperatives (CIS)	Employment Integration Enterprises (EI)	Special Employment Centres (CEE)*	Total
Andalusia	132	24	145	301
Aragon	25	10	45	80
Asturias	7	5	10	22
Balearic Islands	12	3	10	25
Canarias, Islas	-	8	12	20
Cantabria	-	1	10	11
Castile-La Mancha	13	8	27	48
Castile and Leon	29	9	30	68
Catalonia	144	57	54	255
Valencian Community	25	7	14	46
Extremadura	-	2	13	15
Galicia	2	5	30	37
Madrid	96	10	32	138
Murcia	9	5	17	31
Navarra	7	5	11	23
Basque Country	141	42	26	209
Rioja, La	5	-	6	11
SPAIN	647	201	492	1,340

* For Special Employment Centres (CEE), the year of reference is 2010. It is the last year with available data for regional distribution.

Source: Reports from reviewers (Social Initiative Cooperatives) and from each representative organisation (FAEDEI for Employment Integration Enterprises and FEACEM for Special Employment Centres).

Andalusia and Catalonia have the most social enterprises, followed by the Basque Country and Madrid, but the models of social enterprise vary across these regions: in Andalucía, the CIS and CEE are the most prominent, while in Catalonia, Basque Country and Madrid the CIS form is more common. Castille and Leon has a high level of all models of social enterprise, while in Galicia and Murcia there is a higher presence of CEEs.

There are several reasons for these differences: population characteristics, different focuses in civil society, different regulations and differing levels of support among regional governments for social enterprises. For example, the four regions discussed here have modern regulations about cooperatives that conform to the reality on the ground. These include regulations on public service cooperatives (Andalusia and Valencian Community), entrepreneurial promotion cooperatives (Andalusia and Basque Country) and housing cooperatives (Catalonia). These models could be very useful in helping new forms of social enterprise emerge in other regions in Spain. Other regional differences in regulation and support are discussed in the next sections.

4

ECOSYSTEM

In the fourth section, Spain's emerging social enterprise ecosystem is discussed in terms of the contrast between institutionalisation and innovation. The country's social economy, which is highly influenced by governmental agencies, is outlined alongside new social entrepreneurship and innovation agents that promote business support, incubators, facilities or learning and exchange platforms. Policy schemes and support measures are discussed that follow the two approaches mirroring this divide within Spain's ecosystem's spectrum: those that address the social economy, understanding social enterprises as highly related in the Spanish case; and those that are specifically designed for social enterprises. The country's public procurement is framed within Law 9/2017 on Public Sector Contracts. Social enterprise networks are considered for their double mission: to defend the collective and professional interests of social enterprises, and to promote and enact all types of services that serve the interests and needs of social enterprises. Research, education and skills development are discussed in terms of academic contributions and governmental support. Financing is largely considered an issue of self-funding through economic activity rather than public grants or private donations as in the past.



4.1. Key actors

The ecosystem of social enterprises in Spain is still emerging. The high level of institutionalisation of the social economy has resulted in a situation in which most of the governmental agencies handling the promotion and support of social enterprises are those that deal with organisations included in the social economy and those that understand the work with social enterprises to be an extension of their functions. Such is the case of the cabinet group responsible for social enterprises in Spain until 2019, included in the Ministry of Employment, Migrations and Social Security, which calls "on self-employment, social economy and Corporate Social Responsibility (CSR)". Something similar occurs in representative organisations and in the observatories that monitor the evolution of social enterprises (CEPES, Spanish Observatory of Social Economy and CIRIEC-Spain), which come from the social economy reality and are now focusing on the emergence of social enterprises.

Conversely, new agents from other perspectives, such as social entrepreneurship or social innovation, occupy spaces related to business support, incubators, facilities or learning and exchange platforms. This is the case with some business schools and other private educational platforms, as well as co-working and incubator spaces, which have more experience with the perspective of social entrepreneurship. Likewise, new associations and networks of social entrepreneurship and social enterprises are emerging in the Spanish context, although they continue to have a low presence and institutionalisation level.

Table 6 below presents the main actors involved in the social enterprise ecosystem. However, this list should not be considered as exhaustive.

Table 6. Social enterprise ecosystem in Spain

Type of institution/Organisation	Actor
<p>Governmental departments or institutions designing or implementing policies, support instruments and measures for social enterprises and infrastructures</p>	<ul style="list-style-type: none"> > The central government relies on a specific directorate general (DG) devoted to the social economy within the Ministry of Employment and Social Security (see footnote 24). This is the DG for self-employment, social economy and corporate social responsibility (CSR). > Autonomous Communities also have their own departments dealing with the social economy and with entrepreneurial issues.

Type of institution/Organisation	Actor
Customers (including authorities that contract with social enterprises)	<ul style="list-style-type: none"> > Central government, Autonomous Communities and Local governments through public procurement. The enactment of the Public Sector Procurement Law 9/2017, which allows for the introduction of social clauses, was a milestone in this field. > General public (individuals or companies).
Organisations promoting, certifying and awarding social business labels	<ul style="list-style-type: none"> > Spain does not have a formal identification scheme to distinguish social enterprises from other types of businesses. > B Corp Spain is slowly growing but its impact remains limited.
Institutions, civil society initiatives or other social enterprises promoting social enterprises, education and training, and presenting role models	<ul style="list-style-type: none"> > COCETA (Social Initiative Cooperatives Association). > FEACEM (Business Federation of Associations of Special Employment Centres). > FAEDEI (Federation of Associations for the Professional Integration of Communities at Risk of Exclusion). > Spanish Third Sector Platform.
Organisations that have the capacity to act as observatory bodies, monitor the development of and assess the needs and opportunities of social entrepreneurs/social enterprises	<p>Broadly involved in the social economy:</p> <ul style="list-style-type: none"> > CEPES (Spanish Confederation of Entities of the Social Economy). > Spanish Observatory of Social Economy. > CIRIEC-Spain.
Providers of social enterprise start-ups and development support services and facilities (such as incubators)	<ul style="list-style-type: none"> > Central government. > Autonomous Communities. > Social Nest Foundation. > UEIA Accelerator. > SIMPLELAB (social entrepreneurship lab of the University of Huelva). > University of Barcelona Social Startup Meeting. > Red Creactiva. > Hub Impact Madrid. > El Hueco Soria Hub.
Business support providers	<ul style="list-style-type: none"> > Central government. > Autonomous Communities. > EU Funds (PAEM – programme to support women entrepreneurs). > La Caixa Foundation. > Young Social Entrepreneur Awards: UEM, International Youth Foundation, Sylvan/Laureate Foundation.

Type of institution/Organisation	Actor
Facilitators of learning and exchange platforms for social enterprises	<ul style="list-style-type: none"> > Valencia, University of Zaragoza, University of Barcelona University of the Basque Country, etc.). > EOI (Escuela de Organización Industrial). > EMES international Research Network. > International projects: ICSEM, PERSE, GEM etc. > Business schools (IESE, IE Business School, ESADE). > Ashoka Changemakers. > IUDESCOOP. > Emprendedorsocial.org.
Social enterprise (support) networks and associations	<ul style="list-style-type: none"> > CEPES (Spanish Confederation of Entities of the Social Economy). > FEACEM (Business Federation of Associations of Special Employment Centres). > FAEDEI (Federation of Associations for the Professional integration of Communities at Risk of Exclusion). > REAS (Network of Alternative and Solidary Economy). > Social-Emprende (Spanish Association of Social Entrepreneurs). > Socialemprende (Spanish Association of Social Entrepreneurs). > B-corp Foundation – Spain.
Key providers of finance	<ul style="list-style-type: none"> > Public providers (ICO, ENISA). > Private providers (Impulsa Coop, Creas Foundation, ISIS Capital, Ambers & Co Capital Microfinance). > Social Grants from Bank Foundations (BBVA Microfinance Foundation, La Caixa MicroBank, KutxaBank–BBK Fundazioa). > Credit cooperatives and savings banks. > Ethical (Triodos Bank) and social banks (Fiare, Coop 57). > Crowdfunding (Goteo). > Crowdimproving (La Bolsa Social).

Local municipalities are launching initiatives to contribute to the creation of supportive ecosystems where social enterprises can thrive. Whether relying on European, national, regional, local budgets, a key aspect is to promote participation from relevant actors as well as the wider society. It is particularly relevant to create links with actors and communities who are not necessarily aware of social enterprises and the social and solidarity economy. Barcelona, Cordoba, Madrid or Valladolid are some of the cities that have launched projects, plans and actions specifically devoted to this aim. Illustration 9 below describes one of this ambitious initiatives in Madrid, the MARES project.

Illustration 9. MARES Project, Madrid

The three-year MARES project financed by Urban Innovative Actions aimed at counteracting some of the most wicked impacts of economic crisis in Madrid. The crisis had caused several mutations in the city, particularly the escalation of social polarisation and spatial segregation dynamics. Such polarisation contributed to deepening the income barrier between the north (exclusive urban services) and the south/southeast (negative externalities concentration).

MARES put in motion an urban and economic resilience strategy on employment through the social and solidarity economy in five key industries to put forward a new model of productive matrix of the city. MARES stands for mobility (Movilidad), food (Alimentación), recycling (Reciclaje), energy (Energía) and care (cuidadoS), the name of the five sectors in Spanish.

Among the central objectives of MARES are the creation of organisations, the generation of productive and community networks and the promotion of good citizen and institutional practices that lead to a much more sustainable, healthy and cooperative city. In addition, a spatial challenge was directly addressed insofar as the project targeted three peripheral neighborhoods where unemployment rates and presence of foreign citizens are higher than the city average and where the level of workers' with higher education is sensibly lower.

Support for social enterprises in the five sectors (with the care economy as a cross-cutting theme) and awareness-raising actions were developed in four neighbourhoods of the city of Madrid. In each of the three peripheral districts plus the center a dedicated space called MAR ("sea" in English) was co-built with the community and main agents, serving as a knowledge laboratory and housing these new productive initiatives.

At the end of the project, 338 economic initiatives benefited from some kind of support, mostly in the form of training, business support and incubation; 91 among them were incubated; and a total of 48 organisations were created, most of them social enterprises. However, a significant part of MARES' impact in the city (and beyond) is intangible and will have long-term effects. Indeed, MARES exceeded the limits of being an employment and social economy project, and focused on urban transformation through the social and solidarity economy. Many of the actions implemented sought to raise citizen's awareness about the potential of social enterprises and the wider social and solidarity economy to contribute to a wider diversity of economic models and practices. The social enterprises created will continue to have an urban impact, promoting a more sustainable, low-emission, inclusive city. Moreover, MARES enabled the crystallisation of latent or informal productive networks that can generate an economic activity that is respectful of environmental sustainability and social justice.

Lastly, the project created a vast array of tools and methodologies aiming at capturing some of the lessons learned.

<https://maresmadrid.es/actualidad/memoria-final-mares> (in Spanish)

<https://uia-initiative.eu/en/uia-cities/madrid>

4.2. Policy schemes and support measures

Regarding the relevance that the social economy has in Spain and the fact that social enterprises can be understood as part of this sector, and taking advantage of the measures proposed for social economy, this section focuses on policy schemes and support structures for the following organisations: 1) those that address the social economy, understanding social enterprises as highly related in the Spanish case and then applying the same schemes and structures; 2) those that are specifically designed for social enterprises in general or for specific social enterprise types, according to the previous classification.

4.2.1. Support measures addressed to all enterprises that fulfil specific criteria (that may also benefit social enterprises)

We do not cover all measures addressed to all enterprises since these are the basis for all those organisations active in the market. In this context, measures specifically targeting social enterprises can be added in order to improve the impact of these measures. Moreover, there is a broad spectrum of measures, which vary according to region (the regions have legal competencies to promote business dynamics) as well as the activity and legal form (including the self-employed). Therefore, offering such a thorough overview would require a much more extensive and detailed document that is beyond the scope of this report.

Having said this, it is worth noting five areas in which measures for the promotion of economic activities at a general level can be used by social enterprises: entrepreneurship, employment of young people, employment of disabled people, rural areas and provision of services to the public sector.

Regarding **entrepreneurship**, Law 14/2013, on entrepreneurs and their internationalisation, includes new measures aimed at facilitating the creation of new businesses and reducing hurdles in the different entrepreneurial steps. Some of these measures include:

- > new rules for the payment of consumption tax;
- > the reduction of economic responsibility of the entrepreneur under the self-employed Social Security regime (previously the individual had to bear unlimited economic responsibility);
- > more favourable conditions to negotiate with creditors in case of failure of the entrepreneurial activity;
- > some fiscal incentives to allow individual and business angel investments in the seed stage of entrepreneurial projects;
- > new benefits for entrepreneurs with disabilities.

The Strategy for Entrepreneurship and Youth Employment includes a catalogue of measures aimed at hiring young people and promoting entrepreneurship. The former includes a bonus of 300 EUR for a maximum of six months for the permanent employment of young people, deducted from the Social Security contribution, which may be extended to up to 100% of the Social Security costs under certain circumstances. The latter refers to a flat rate of 50 EUR in Social Security contributions for the self-employment regime available to young people who decide to start an entrepreneurial activity, whether social or not. In addition, there are increased possibilities for capitalising the unemployment allocation and greater compatibility of unemployment benefit with the beginning of an entrepreneurial activity.²⁶

Likewise, in addition to the protected employment systems for hiring people with disabilities (including those measures focused on CEEs), there are additional measures for the integration of disabled workers into the ordinary labour market. Among these, it is worth noting the subsidies for hiring disabled workers: enterprises receive around 4,000 EUR for each permanent employment contract with a disabled worker and similar levels for each temporary contract, as well as subsidies for Social Security contributions and towards the business tax, and other subsidies for those jobs with support requirements as a result of the characteristics of the worker. These measures are aimed at all types of enterprise, but preferentially to those enterprises with more than 50 employees in which the hiring of at least 2% of workers with disabilities is mandatory.²⁷

All those enterprises established in rural areas may benefit from different measures for the promotion of business creation and consolidation. Most of these are based on the European structural funds, mainly through the European Social Funds (ESF) and the European Fund of Regional Development (FEDER in Spanish), which are complemented by several programmes run by the regional governments. Currently, most regional

(26) Source: Ministry of Employment and Social Security, Youth Guarantee Programme. More information is available at: <http://www.empleo.gob.es/es/garantiajuvenil/home.html>.

(27) More information about support for hiring disabled people can be found at: https://www.sepe.es/contenidos/que_es_el_sepe/publicaciones/pdf/pdf_empleo/integracion_laboral_discapacitados.pdf.

governments in Spain have active programmes for rural development, mainly focused on agrarian activities.²⁸

Finally, the purchasing capacity of the public administrations (20% of GDP in Spain) has emerged as a strategic sector for enterprises pursuing social objectives common to those of the public administration (e.g., care of the environment, social inclusion, promotion of decent employment), being therefore potential partners in the efficient use of public resources (see section 4.3 on public procurement).

4.2.2. Support measures addressed to social economy/non-profit organisations (that may also benefit social enterprises)

At national level, four packages of measures have been developed to promote and support the social economy in general and which the social enterprises can utilise:

- > *Tax breaks, reduced social security contributions and similar measures.* These benefits have a substantial impact on foundations, associations and social initiative cooperatives. Cooperatives have lower tax rates than conventional companies and, together with worker-owned companies (*sociedades laborales*), enjoy other types of fiscal benefits, such as exemptions on certain taxes and accelerated depreciation.²⁹
- > *Budget support.* It mainly consists of grants and subsidies for incorporating certain types of workers into the enterprises, direct investments in materials that contribute to the competitiveness of enterprises and subsidised technical support and training.³⁰
- > *Technical assistance.* Measures focused on providing support to social economy organizations in areas such as internationalisation or innovation. These are channelled through foundations or organisations working at the regional level.
- > *Employment policy.* It integrates active and passive policies by giving workers the possibility to capitalise unemployment benefits when the beneficiary decides to establish a cooperative.

(28) More information on the national programme for rural development: <http://www.magrama.gob.es/es/desarrollo-rural/temas/programas-ue/periodo-2014-2020/programas-de-desarrollo-rural/programa-nacional/>.

(29) Law 20/1990 on the Fiscal Regime for Cooperatives, published in the Official Journal of 20 December 1990, at: <https://www.boe.es/buscar/act.php?id=BOE-A-1990-30735>.

(30) S. Barco Serrano, *Ibid.*

In 2018, the Council of Ministers approved the Spanish Strategy on Social Economy 2017-2020,³¹ which was a milestone to locate social economy in the Government agenda. It is aimed at reinforcing and promoting the values of the social economy, and is based on the understanding that the social economy can provide a key contribution to the resilience of the Spanish economy and to achieve sustainable and inclusive growth. The Strategy is structured around 11 axes of action and 63 measures addressing different key aspects for the sector, which will be developed by the different Ministries within the scope of their competencies. The axes are:

1. Support for employment and entrepreneurship
2. Impulse to the consolidation and growth of enterprises
3. Analysis and development of the legal framework and elimination of barriers that may impede or limit its development
4. Generation of innovative mechanisms for participation in strategic sectors
5. Promotion of the Digital Economy
6. Promotion of institutional participation
7. Inclusion in the international agenda and especially in Latin America, Europe and the Mediterranean
8. Increased visibility
9. Promotion of gender equality and social inclusion
10. Promotion of social responsibility
11. Participation in the 2030 Agenda for Sustainable Development Goals.

The sole explicit reference to social enterprise in the Strategy is made under the third axis. Specifically, measure 14 proposes the "study of the concept of social enterprise in the Spanish framework and analysis of its possible relationship with the concepts of social enterprise in the European sphere. The possible implications of the recognition of the concept of social enterprise as defined by the Social Business Initiative will be analysed, as well as its framing within the framework of Spanish Law on Social Economy". Despite this explicit reference, up to date no concrete actions have been implemented.

At the regional level, all Autonomous Communities have established departments dealing with cooperatives and entrepreneurship. By extension, they also have exclusive competences in some crucial issues related to social economy, and thus also to social

(31) The Spanish Strategy of Social Economy 2017-2020 is available at: https://www.boe.es/diario_boe/txt.php?id=BOE-A-2018-3857 («BOE» num. 69, of 20 of March of 2018, pages 31278 to 31313 (36 p.).

enterprises. Indeed, most of the Autonomous Communities have begun to adopt their own legislation in this sector. The most advanced region on this trend is Galicia, which enacted Law 6/2016 on social economy. Its provisions include the creation of the Galician Catalogue of social economy entities (art. 7),³² the creation of the Social Economy Council of Galicia as a forum that allows for dialogue and participation of the organisations of the sector, and the promotion of the social economy as a transversal issue in public policies related to e.g., entrepreneurship, rural development, education. In addition, Law 6/2016, envisages the elaboration of a Galician Plan for the Promotion of the Social Economy.

In January 2019, also Catalonia began a participatory process aimed at gathering inputs from stakeholders with a view to enact a law on the social and solidarity economy. Such law was included in the 2018 plan of the government of Catalunya³³ and the umbrella organisation AESCAT³⁴ is taking the leadership in the facilitation of the process. The ultimate goal is to draft in a collective manner a document that would constitute a blueprint for such law, ensuring its alignment with the vibrant social and solidarity economy movement in Catalunya.

Aragon has also re-started in 2020 to work on a regional Law on Social Economy, after the failed attempt of the regional government to enact it in 2018 without the support of the social economy sector. It is estimated that the new law will be approved between 2021 and 2022.

It is worth to mention that at national level cooperatives are the legal form with the largest tradition and recognition within the social economy. Therefore, the Ministry of Employment devotes specific measures aimed at promoting employment and competitiveness of cooperatives, which can be used by those social enterprises that adopt this legal form. These support measures are devoted to worker-owned companies (worker cooperatives and *sociedades laborales*, mainly), those legal forms more related to the employment creation. They developed by different political parties, with different budgetary amounts having been assigned over recent years (table 7). Likewise, Autonomous Communities manage budget programmes to promote the social economy, in which cooperatives are one of the entities that are well supported. The quantities and actions subsidised vary among regions.

(32) It envisages the incorporation of the "communities of neighbouring forests in common hand" to the organisations of the social economy.

(33) The whole Governmental Plan for the XII Term is available at: https://govern.cat/govern/docs/PdG_Sintesi.pdf (in Catalan).

(34) AESCAT is the Association of Social Economy in Catalonia (the <https://economiasocialcatalunya.cat/>).

Table 7. Public policies promoting employment and competitiveness of cooperatives by the Ministry of Employment and Social Security

Public policies	Description
<p>Policies for promoting the creation of cooperatives and an increase in membership</p>	<ul style="list-style-type: none"> > The possibility that unemployed workers who join as members of worker cooperatives may receive a one-time total payment of the contributory unemployment compensation, which links a passive employment policy to an active one. There is no quantification of the volume of this policy.
<p>Grants for incorporating partners to cooperatives or worker-owned companies</p>	<ul style="list-style-type: none"> > Unemployed people under 25 years old who have not previously had a first permanent job. > Unemployed people older than 45 years of age. > Long-term unemployed people registered at the employment office for at least 12 of the previous 16 months (6 of the previous 8 months if they are under 25 years of age). > Unemployed people who have received unemployment subsidy as a single payment for incorporation as members of cooperatives or worker-owned companies. > Unemployed women who join in the 24 months following the birth, adoption or fostering of a child. > Unemployed disabled people, with a degree of disability of 33% or higher. > Unemployed socially excluded people who belong to any of the collectives referred to in the programme for the Promotion of Employment. > Workers who have held a temporary employment contract for less than 24 months, with a minimum validity of 6 months from the date of the grant application. > The average grant is 5,500 EUR per person incorporated as a partner.
<p>Grants for investments in fixed assets</p>	<ul style="list-style-type: none"> > Direct grants (acquisition of assets). > Interest rate bonuses. > Microcredits. > 50% of the investment.
<p>Grants for technical assistance</p>	<ul style="list-style-type: none"> > Grants for hiring directors and managers. > Grants for viability studies, organisation, marketing etc. > Subsidies for economic reports and audits. > Grants for advice on business management. > 50% of the investment with a maximum of 24,000 EUR.
<p>Grants for training activities, promotion and dissemination</p>	<ul style="list-style-type: none"> > Training activities. > Promotion and dissemination activities.

Public policies	Description
Grants for structural expenses for associative entities	<ul style="list-style-type: none"> > Structural expenses. > 50,000-150,000 EUR.

Source: Chaves, R. and Serra, I. (2011) and Chaves Ávila, R. and Savall Morera, T. (2013).

At the local level, since 2015 municipalities emerged as a relevant actor for the promotion of social economy and social enterprises. Along this path, and with the aim of achieving a fairer and more democratic economy that generates greater social welfare, various city councils (e.g., Barcelona, Madrid, Valencia, Zaragoza) and regions (e.g., Balear Islands, Galicia, Murcia, Navarre) committed to transform the local economy towards models closer to the social economy, placing this sector, its organisations and values at the heart of economic policies.³⁵ Among the measures included in these plans are support and training actions, financing, promoting intercooperation between social enterprises (e.g., development of clusters, coordination between entities and networks), and making the sector visible. Moreover, a network of municipalities was launched in Catalunya in 2017 gathering 31 local councils who work on the development of a supportive environment for the social and solidarity economy.³⁶ Their main goal is to exchange good practices and knowledge developed locally while strengthening integrated territorial strategies and raising the level of awareness of citizens and policy-makers about the contribution of the social and solidarity economy to the general interest and wellbeing of communities.

4.2.3. Support measures specifically addressed to social enterprises

According to data gathered by CIRIEC,³⁷ some Autonomous Communities are more active than others in supporting social enterprises. Table 8 presents some of the public institutions that have been established in some of the more active regions. These institutions are mainly aimed at promoting employment integration enterprises (EIs) and special employment centres (CEEs) for social initiatives (as for the cooperatives of social initiatives, the information provided in the previous sub-section applies). Regions included in table 8 are also those with the highest number of social enterprises (as showed in section 3).

(35) Some of the regional and local social economy stimulus plans can be found on the following website: <https://www.cepes.es/documentacion/503> Another Impulse Plan of interest is the one promoted by Barcelona City Council, available at: http://www.socioeco.org/bdf_fiche-document-5460_es.html.

(36) <http://ajuntament.barcelona.cat/tempsicures/es/noticia/constituida-la-asociacizen-red-de-municipios-por-la-economza-social-y-solidaria>.

(37) *Ibid.*

Table 8. Support measures for EIs and CEEs for social initiative at regional level

Autonomous Community	Employment integration enterprises (<i>Empresas de Inserción, EI</i>)	Special Employment Centres for Social Initiative (<i>Centros Especiales de Empleo, CEE</i>)
Andalusia	Servicio Andaluz de Empleo Consejería de Economía, Innovación, Ciencia y Empleo	Servicio Andaluz de Empleo Consejería de Economía, Innovación, Ciencia y Empleo
Aragon	INAEM (Instituto Aragonés de Empleo) Consejería de Economía y Empleo	INAEM (Instituto Aragonés de Empleo) Consejería de Economía y Empleo
Basque Country	Lanbide Servicio Vasco de Empleo – Organismo Autónomo del Gobierno Vasco	Consejería de Economía, Innovación, Ciencia y Empleo Organismo autónomo del Gobierno Vasco
Catalonia	Direcció General d'Economia Social i Cooperativa i Treball Autònom Departament d'Empresa i Ocupació	Direcció General d'Economia Social i Cooperativa i Treball Autònom Departament d'Empresa i Ocupació
Valencian Community	SERVEF (Servei Valencià d'Ocupació i Formació) Conselleria d'Economia, Industria, Turisme i Ocupació	SERVEF (Servei Valencià d'Ocupació i Formació) Conselleria d'Economia, Industria, Turisme i Ocupació

Table 9 below summarises different support measures for social enterprises that have been promoted at the national and regional levels, depending on the type of entity addressed: EI, CEE or CIS.

Table 9. Support measures for social enterprises at national level

Support measures	Description
Social initiative cooperatives (<i>Cooperativas de iniciativa social, CIS</i>)	As social inclusion entities, these cooperatives, similar to other WISEs, may receive aid and preferential treatment in the procurement of goods and services from public administration (Fajardo, 2013).
Employment integration enterprises (<i>Empresas de inserción, EI</i>)	<ol style="list-style-type: none"> 1. Support measures to create, implement and maintain EIs 2. Support measures for EIs to hire workers 3. Other types of measures for the promotion of EIs: <ul style="list-style-type: none"> > preferential public procurement for EIs > support by the government of a part of the interest rate in bank loans > training and support for professional networks

Support measures	Description
Special employment centres for social initiative (<i>Centros especiales de empleo, CEE</i>)	<ol style="list-style-type: none"> 1. Aid for the generation of employment projects (technical assistance, fixed investments, partial interest subsidy) 2. Aid for maintaining jobs in CEEs 3. Aid for support units for professional activity 4. Aid for companies that hire disabled workers for an indefinite period in one working settlement

In addition to the abovementioned support measures, in 2015 the central government adopted different policy measures that can support the development of EIs and CEEs for social initiative and employment integration enterprises (table 10).

Table 10. Public policies by the national government to promote WISEs (2015)

Public policies
Law 31/2015 of 9 September. Article 5.4 declares special employment centres for social initiative and employment integration enterprises as providers of services of general economic interest.
Employment integration enterprises (Empresas de inserción, EI)

Law 31/2015 envisages the promotion of policies aimed at helping social enterprises achieve their social mission of reintegrating excluded workers into the regular labour market (table 11).

Table 11. Public policies to promote the achievement of the social mission of WISEs (2015)

Public policies
Article 6 of Law 31/2015 amending law 43/2006 of 29 December, for the improvement of growth and employment. Bonuses of 1,650 EUR are provided to conventional companies that hire people who have completed the process for insertion into WISEs.
Law 40/2015 of 1 October, on the Legal Regime Of The Public Sector, which amends Article 60 of the revised text of the Law of Public Sector Contracts; this article establishes the prohibition to contract with public administrations for those companies with 50 or more workers and which do not comply with the hiring policy in favour of people with disabilities.

4.2.4. Private programmes promoting social enterprises and social entrepreneurship

This sub-section is focused on private initiatives aimed at promoting social enterprise and social entrepreneurship. Some of these initiatives are briefly described below.

LaCaixa Social Entrepreneurship programme – LaCaixa Social Funds

This programme is a call for grants for projects addressing social or environmental problems through the creation or support of social, profitable and sustainable enterprises. It caters to social entities that want to open a first line of business, social entrepreneurs who have a business plan or social enterprises in the start-up phase.

Website: <https://obrasociallacaixa.org/es/pobreza-accion-social/entidades-y-empresas-sociales/emprendimiento-social>

Momentum Project Spain

This is an initiative launched by ESADE Business School and BBVA Bank and supported by PriceWaterhouseCoopers. It aims to promote social entrepreneurship. To fulfil this goal, the Momentum project has two action plans: (1) the development of a programme to consolidate and increase the impact of these projects, and (2) the creation of an ecosystem to support social entrepreneurs. In this way, the Momentum project contributes to the development of social entrepreneurship through a programme and an ecosystem of support so that the most promising social enterprises can consolidate, grow and scale their impact.

Website: <http://momentum-project.org/>

UEIA Accelerator

This is a social incubator for technology-based companies formed by a multi-disciplinary and expert team. The founding team of the UEIA is a group of people who are interested in entrepreneurship and social action. This group decided to apply its experiences in NGOs, accelerators, investment funds, entrepreneurial training and collaboration to pursue reforms.

Website: <http://www.ueia.com/>

UEM (Universidad Europea de Madrid) Young Social Entrepreneurs Awards

Launched in 2008, the UEM Young Social Entrepreneurs Awards (European University of Madrid) is a national YouthActionNet programme that recognises outstanding young social entrepreneurs throughout Spain. It has the support of the Sylvan/Laureate Foundation and the Universidad Europea de Madrid. As of 2015, it has produced more than 60 young Spanish leaders.

Website: <http://emprededoressociales.universidadeuropea.es/>

Projects with Spirit (*Proyectos con Espiritu*)

This is an initiative aimed at supporting social entrepreneurs with transformative and innovative ideas which result in positive changes in society. This project helped launch two ideas on social transformation through collective financing and the establishment of clothing outlets in which each share purchased is an investment in these projects. It also offered these two projects an office within a co-working space for a year and provided advice on branding, marketing and communication.

Website: <http://espiritu23.com/proyectosconespiritu/>

Ashoka Changemakers Foundation

This is a project of Ashoka Spain focusing on two specific fields:

- > Young Changemakers: An initiative dedicated to providing young people aged 14-24 years the opportunity to socially activate themselves. In this process they acquire key life skills such as empathy, leadership, initiative, teamwork and change management.
- > Changemaker Schools: A global network of primary and secondary schools which educate students in skills such as empathy, teamwork, creativity, leadership and problem solving. These are pioneering schools which have adapted to current educational needs, in line with a constantly changing world, and are also generating the social changes of the future. In Spain there are four schools.

Website: <http://spain.ashoka.org/escuelas-y-jovenes/>

Integra Awards

This initiative started in 2008 and aims to promote excellence and innovation in the employment market, promote equal opportunities and improve the quality of life of people with disabilities through their social inclusion. It is promoted by the BBVA Bank, the CEEs National Federation (FEACEM), the Spanish Federation of Persons with Physical and Organic Disabilities (COCEMFE), the Spanish Federation of Persons with Intellectual disabilities (Plena Inclusión), the ONCE Foundation and the Employment and Mental Health Foundation.

Website: <http://www.premiointegrabbva.es/>

Think Big Young by the Telefonica Foundation

This is a training programme for young people aged 16-24 years with innovative social ideas. It includes mentoring and provides minor financial support.

Website: <https://thinkbigjovenes.fundaciontelefonica.com/>

4.3. Public procurement framework

Law 9/2017 on Public Sector Contracts represents an important milestone for the development of social enterprises. It indicates that access to public procurement will be facilitated for social economy enterprises (Art. 1.3). More specifically, it envisages the obligation to reserve complete contracts or lots (Art. 99.4) within contracts (e.g., a park within the management of parks and gardens of a city) to IEs or CEEs in a level established by the respective national, regional and local authorities (in the 4th Additional Provision, the Law proposes 7-10% as a minimum).

Beyond CEEs and IEs, public authorities may reserve service contracts of a social, cultural and health nature to organisations whose mission is delivering general-interest services, which reinvest their profits for the accomplishment of their mission, and which are owned by workers or other stakeholders (48th Additional Provision). Consistently with the objective of this provision, which is to increase the participation of these organisations in public procurement processes; some limitations are envisaged: i.e. the contract shall not exceed the maximum duration of three years, and it cannot be granted again to the same organisation. These reserves can be established during the awarding phase or as a condition during the execution of a contract (in this case, the obligation to sub-contract a percentage of the tender to a social enterprise is included in the contract issued between the public administration and the contractor).

Moreover, Law 9/2017 obliges public authorities to use a plurality of award criteria, i.e. incorporate qualitative aspects in the object of the public contract, through the inclusion of social and environmental clauses, which allow the best quality-price in public contracting.³⁸ The law also establishes the possibility to request social (or environmental) labels (e.g., the qualification as "social enterprise") to providers (Art. 127). These measures are addressed to any type of enterprise that meets the standards indicated in the contract specifications and generate incentives for innovation mechanisms within enterprises, the acquisition of cutting-edge technology by the public administrations, the access to public contracting by SMEs, etc. Even when it is easier for social enterprises to fit these criteria because of their intrinsic characteristics, the law makes explicit the need to favour access to public contracting for social economy organisations and social enterprises.

(38) An example of social and environmental clauses in the responsible public procurement could be found at <https://contratacionpublicaresponsable.org/>.

4.4. Networks

Networks of social enterprises have a double mission: to defend the collective and professional interests of social enterprises, and to promote and enact all types of services that serve the interests and needs of social enterprises. This can be done through activities including: a) promoting and supporting initiatives aimed at the creation and consolidation of such enterprises; b) promoting and supporting the creation of associations of social enterprises; c) coordinating with other networks related to social enterprises; d) promoting collective negotiation with the government; and e) pushing for the disclosure and social recognition of social enterprises.

The Spanish Confederation of Enterprises of the Social Economy (CEPES)³⁹ was established in 1992. The cross-cutting nature of this confederation makes it the largest institution representing the social economy in Spain. It integrates 28 organisations, all national and regional confederations and specific business groups (primarily ONCE⁴⁰ and Mondragón) that represent the interests of the various types of entities in the social economy. According to the "new conception" approach outlined in Section 1—in which social enterprises expand the borders of the social economy—CEPES should be considered one of the representative bodies for social enterprises, since it plays a relevant role in supporting the different models of social enterprises, such as CEE, EI or CIS, whose national federations (FEACEM, FAEDEI and COCETA, respectively) are members of this confederation.

Recently, CEPES established regional federations in Navarre and Aragon, emerging from the coordination of local networks of the different families of social economy organisations. The case of CEPES Aragon is particularly interesting, since it brings together the "market social economy" (e.g., cooperatives, EIs, worker-owned companies [sociedades laborales]) and the "non-market social economy" (e.g., NGOs, volunteers, foundations) in a single representative organisation. However, some advocacy associations for social enterprises that have established very recently are not members of the CEPES, then there is room for the creation of new representative bodies specifically devoted to social enterprises.

(39) CEPES: Confederación Empresarial Española de la Economía Social.

(40) ONCE is the representative organisation for blind people in Spain; its activities also cover other kinds of disabilities. It is currently the largest group of social enterprises in Spain, as it groups the biggest Special Employment Centres in all types of economic sector under the brand ILUNION - <http://www.ilunion.es/>.

The National Federation of Employment Integration Enterprises (FAEDEI)⁴¹

FAEDEI is a non-profit organisation founded at the end of 2007, which brings together the different territorial associations representing employment integration enterprises (EI) in Spain.

Website: <http://www.faedei.org/>

The regional organisations that are currently part of FAEDEI are:

- > Asociación de Empresas de Inserción de Canarias, ADEICAN
- > Asociación de Empresas de Inserción del Principado de Asturias, ADEIPA
- > Asociación de Empresas de Inserción de la Región de Murcia, ADEIRMUR
- > Asociación de Empresas de Inserción de Galicia, AEIGA
- > Asociación de Empresas de Inserción de Madrid, AMEI
- > Asociación Aragonesa de Empresas de Inserción, AREI
- > Asociación de Empresas de Inserción de Castilla La Mancha, ASEIRCAM
- > Asociación Valenciana de Empresas de Inserción, AVEI
- > Empresas de Inserción de Navarra, EINA
- > Federación Castellano Leonesa de Empresas de Inserción, FECLLEI
- > Asociación de Empresas de Inserción del País Vasco, GIZATEA
- > Asociación de Empresas de Inserción de Extremadura, INSERCIONEX

The Spanish National Federation of Special Employment Centres of Social Initiative (FEACEM)

FEACEM, which was founded in 2000, integrates the major national and regional associations of Special Employment Centres (CEEs) for Social Initiative.

Website: <http://www.feacem.org/>

FEACEM partners are:

- > ACECA (Asociación de Centros Especiales de Empleo de la Comunidad Andaluza)
- > AECEMCO (Asociación de Centros Especiales de COCEMFE, Confederación Española de Personas con Discapacidad Física y Orgánica)
- > AECEMFO (Asociación Empresarial de Centro Especiales de Empleo de Fundación ONCE)
- > AEDIS (Asociación Empresarial para la Discapacidad)

(41) FAEDEI: Federación de Asociaciones Empresariales de Empresas de Inserción.

- > Asociación de CEE de iniciativa social FEACEM Castilla y León
- > Asociación de CEE de iniciativa social FEACEM Castilla la Mancha
- > Asociación FEAFES para el Empleo, related to the Confederación Española de Agrupaciones de Familiares y Personas con Enfermedad Mental
- > ADECEM (Asociación Empresarial de Centros Especiales de Empleo de Enfermos Mentales)
- > ARCEESCAN (Asociación Regional de Centros Especiales de Empleo de Economía Social de Canarias)
- > CEGASAL (Asociación Empresarial Galega de Centros Especiais de Emprego sen Animo de Lucro)
- > EHLABE (Euskal Herriko Lan Babesturen Elkarte - Asociación de Entidades de Trabajo Protegido del País Vasco)
- > FEACEM Cataluña (Federació Catalana de Centres especials de treball d' economia social)
- > FOQUA, (L'Associació Forum per la Qualitat, Asociación Forum para la Calidad de Baleares)
- > PADIS (Patronal Aragonesa de la Discapacidad)
- > Spanish Confederation of Worker Cooperatives (COCETA)

Social Initiative Cooperatives (CIS) that take the form of worker cooperatives are part of the Social Initiative Cooperatives Sectorial (Sectorial Cooperativas de Iniciativa Social) within the Spanish Confederation of Worker Cooperatives (COCETA), which covers regional organisations. At the regional level, CISs are grouped in the regional federation of cooperatives and in the regional federation of worker cooperatives. There is no regional federation specific for Social Initiative Cooperatives.

Website: <http://www.coceta.coop/>

Spanish Third Sector Platform

Created in 2012, its mission is to defend, through a single voice, the rights and social interests of citizens, especially people living in poverty or at risk of exclusion. To this end, the platform brings together the seven most representative organisations in the social sphere: the Platform of Volunteers of Spain, the European Network for Combating Poverty and Social Exclusion in Spain (EAPN-ES), the Platform of Social Action NGO, the Spanish Committee of Representatives of People with Disabilities (CERMI), the Spanish Red Cross, Caritas and the National Organisation of the Blind of Spain (ONCE).

Website: <http://www.plataformatercersector.es/>

Network of Alternative and Solidarity Economy

REAS was created in 1995 and since 2000 it operates as a network of networks that groups together more than 500 entities with a long social trajectory in 14 territorial networks (all the Autonomous Communities, except Cantabria, Asturias and Castilla-La Mancha) and 4 sectoral networks:

- > AERESS, Association of recycler organisations (<http://www.aeress.org/>).
- > Network of Ethical and Solidarity Finance (<http://refas.org/>).
- > Unión Renovables, a network of renewable energy consumer cooperatives (<http://www.unionrenovables.coop/>).
- > Spanish Network of Fair Trade (<http://comerciojusto.org/>).

Its objective is to make possible an alternative way of approaching and managing the economy, through promoting, supporting and coordinating associative, entrepreneurial, economic and financial initiatives that are committed to the six major principles of the Solidarity Charter that they adopted: equity, work, environmental sustainability, cooperation, and non-profit-making. (<https://www.economiasolidaria.org/carta-de-principios>).

Website: <https://www.reasred.org/> and <https://www.economiasolidaria.org/>

4.5. Research, education and skills development

4.5.1. Research projects and educational resources

The academic contribution to the institutionalisation of the concept of social enterprise in Spain has been substantial, as illustrated by the coverage of the topic in academic journals and the expertise that scholars provide to public administrations and private institutions. One of the most relevant journals in the area, CIRIEC-Spain, includes more than 20 articles focusing specifically on social enterprise.⁴² In 2012, a special issue was published focusing specifically on social enterprises. Its goal was to review the state of play of research on social enterprises and the challenges they face; it focused on papers assessing European policies and other related relevant issues such as entrepreneurship, social impact measurement, funding models and strategic management, as well as empirical analyses of cases such as CEE, EI, ethical and social banks, and fair trade certification (Monzón and Marcuello, 2012). In 2017, this scientific association promoted the constitution of a working group on social enterprise in Spain. At the time of writing, more than 50 researchers from all regions of the country have shown interest towards this initiative.

This interest in social enterprise is also reflected in research projects funded by the Spanish Ministry of Economy and Competitiveness via public calls for proposals. The most recently funded project focusing specifically on social enterprise was "Empresocial: Social entrepreneurship face to the employment crisis and social welfare" (2013-2016), which was coordinated by Pilar Alguacil from the University of Valencia. Its goal was to investigate the potential of social enterprises to contribute to achieving employment policies and social welfare, as well as the circumstances that may be hindering their effective execution. The research focused on the analysis of the legal framework and public policy as well as the definition and organisational issues, of (self)-employment firms, social enterprises providing social and personal services, and mutual companies in general. Ultimately, it aimed at determining the characteristics of social enterprises, providing an effective measurement of the social component in business, and the benefits created for the entities themselves and for the welfare state.

In 2015 the Spanish Association of Accounting and Business Administration (AECA) published the document "Social Enterprise: conceptual framework, context and information" with the aim of advancing the understanding of social enterprises and identifying their challenges in practice. The study was commissioned from the Polytechnic University of Madrid and supported by an expert committee that included several academics. The final report established the reporting standards for the

(42) This figure refers to year 2016. See all references at <http://www.ciriec-revistaeconomia.es/>.

performance and impact of these organisations in order to increase their transparency and visibility.⁴³

At the international level, a team composed of 15 researchers from 8 universities participate in the global research project “International Comparative Social Enterprise Models” (ICSEM) which aims to compare social enterprise models and their respective institutionalisation process across the world. ICSEM involves more than 200 researchers from over 50 countries working together to produce scientific knowledge with an emphasis on the comparative nature of the research.⁴⁴

There are no stable research structures specifically devoted to social enterprise but rather to the social economy and other close areas (social entrepreneurship, social innovation, NPOs, local development, etc.).

Following Flores *et al.* (2016), in Spain there were 32 postgraduate courses on social economy, social entrepreneurship and social innovation in 2014, representing 3.92% of postgraduate courses related to Business and Economics (Total = 816). These courses have mainly a professional rather than a research approach (75% versus 25%), and are located in public universities (77% versus 23% at private universities). With a broader approach, CEPES lists postgraduate and continuing education courses related to the social economy, including any courses where the term “social enterprise” appears.⁴⁵

4.5.2. Recent conferences, seminars and events

In Spain, major events that are organized on a regular basis are not specifically focused on social enterprises but more generally on social economy organisations. However, a wide range of events are organized by different bodies including universities, representative organisations, networks, foundations and other organisations supporting social enterprises and social entrepreneurs engaged in different fields of activity. A non-exhaustive list of the most relevant events on social enterprises that have been recently held in the country is provided in appendix 8.2.

(43) The final report is available at: <http://aeca.es/old/pub/documentos/rs9.htm>.

(44) The Spanish ICSEM Working Paper elaborated by the interdisciplinary Spanish ICSEM team is available at: <http://www.iap-socent.be/sites/default/files/Spain%20-%20Di%CC%81az-Foncea%20et%20al.pdf>.

(45) The study can be found in the CEPES website: <https://docs.google.com/viewerng/viewer?url=http://www.cepes.es/files/publicaciones/90.pdf>. The last report, focused on the academic course 2018-2019, is available at: <https://www.cepes.es/files/publicaciones/111.pdf>.

4.6. Financing

Social enterprises in Spain appear to be mainly self-funded; even foundations and associations that used to rely mainly on public grants and private donations are increasingly moving towards participating in economic activity to ensure their sustainability. Income-generating activities include organising art exhibitions or selling products or services. For instance, an association can create a special employment centre to raise funding from the sale of products created by its target group (e.g., people at risk of social exclusion, people with disabilities).⁴⁶

Social investment is at an early stage of development in Spain, and there appears to be relatively little debate and data on investment in organisations of the social economy /social enterprises. Instead, the term "social investment" is usually understood as all investment covered by the following strategies, as identified by Spainsif (2012):⁴⁷

- > thematic investment funds (investment in sustainable development assets),
- > selection of "Best-in-Class" investment strategies (selection of the top companies in each sector),
- > exclusion of investment securities (this approach excludes investment in arms, pornography, tobacco and animal testing),
- > active dialogue, shareholder participation and voting systems on sustainable issues (this process seeks to promote transparency and influence the decision-making process).

4.6.1. Demand for finance

There are no estimates of the scale of demand for finance from social enterprises. However, there appears to be a general perception shared by stakeholders that demand significantly exceeds the current supply of funding available to social enterprises. Consulted stakeholders have estimated the gap to be at least 50%, although there is no data identified to confirm this. All of the consulted stakeholders agreed that access to credit remains the key constraint to the development of social enterprises.

This contrasts with the situation of Social and Solidarity Economy Banks. Based on their numbers⁴⁸ and the comments of their personnel, there is actually an excess of finance

(46) El País (2013) 'Social entrepreneurs with soul.' Available at: http://sociedad.elpais.com/sociedad/2013/02/24/actualidad/1361743315_132277.html.

(47) Spanish Report (2012), p. 10. Available at: http://www.spainsif.es/sites/default/files/upload/publicaciones/spainsif_informe_2012_web_1.pdf.

(48) Source: <http://www.coop57.coop/> and <http://www.proyectofiare.org/>.

availability. Coop57 has 30.3 million EUR in savings from its collaborator members (similar to investors), but only provides EUR 11.6 million in loans to social enterprises and other social entities. Likewise, for the FIARE Social Bank, the difference between the available amounts (56.7 million EUR) and the loans assigned (13.4 million EUR) is very high. The reasons behind this could include the misrecognition of these tools by the social enterprises and the long process undertaken by the banks to granting a loan due to the social analysis they carry out, as we discuss below.

With regard to social enterprises applying for finance, there is no uniform profile. Demand most often comes from:

- > organisations devoted to the social integration of people with disabilities or at risk of exclusion;
- > organisations that supply traditional goods and services, with the aim of solving social problems or environmental issues.

One effect of the last economic crisis is that the requirements for financing are focused more on the maintenance of current social activity (e.g., asking for the forward financing of future public subsidies) than on investment in new social projects. Social enterprises lack the financial support for new projects in need of important investment. During the most recent years of the crisis, they have used their financial resources to cover the costs of their daily activities. In this sense, social enterprises working with public subsidies and even public procurement must finance themselves with credit until public administrations are able to transfer money to these organisations. This causes serious liquidity problems for social enterprises financed by the public administration. To cover their running costs, they usually use their own financial capacity, even asking their members for help, and recur to the services of private, ethical and social banks afterwards (see below). In some extreme cases, a few social enterprises have used venture capital to maintain their activity due to difficulties in covering their daily costs. These entities enter as members. Securing capital provides these organisations with greater stability and allows them to then request banking finance due to their improved financial situation.

However, the demand for investment is currently increasing. Traditionally, social enterprises have more often used the financial services of traditional banks than those from the social and ethical banks, since the latter lack the operational capacity to satisfy the investment needs due to the slow process of granting loans and other banking products. In addition, the services that social enterprises receive from private banks are very similar to those offered to other types of businesses. Social capital risk organisations are also increasing their activity, and some new and emerging forms of social enterprises use these services due to their relationship with the ecosystem of these capital risk entities (these are incubators, social accelerators etc.).

4.6.2. Supply of finance

A number of different players, both public and private, supply finance to social enterprises. Furthermore, various finance initiatives specifically addressed to social enterprises are undertaken mainly by the social and solidarity economy sector (Coop57 and Fiare), and ethical banking sector (Triodos Bank). Other initiatives such as the Creas Foundation or the Isis Foundation focus on social investment in general. There are also initiatives by traditional banks and the public sector (e.g., ICO Foundation, ENISA public enterprise, CAIXA Bank and BBVA Bank). The following text presents a brief overview of the aforementioned organisations, as well as other relevant organisations.

4.6.2.1. Public providers

- > **ICO Foundation, Social Finance:** Created in 2003, this state-owned NPO aims, inter alia, to facilitate access to microcredit and support knowledge creation in the microfinance sector. The ICO Foundation runs two major projects in the field of social innovation: a microcredit pilot and a collaboration with FIARE Bank and CAF (Self-Financed Communities).⁴⁹ PPM is a public-private partnership that operates in several sectors in Sevilla, Huelva, Pamplona and Barcelona, offering microcredit loans without commissions and guarantees. CAFs are small associations comprising members who put together a fund to provide micro-credit loans to social enterprises and other communitarian enterprises.
- > **ENISA, Innovation National Enterprise.**⁵⁰ A public enterprise funded by the Ministry of Industry, Energy and Tourism, ENISA is dedicated to financing viable and innovative projects by offering loans without guarantees. Although the organisation does not have a specific line of credit for social enterprises, it provides access to a network of business angels who can finance social enterprises in some instances.

4.6.2.2. Private providers

- > **Oinarri, SGR** is a mutual guarantee company specialising in the social economy, self-employed people and SMEs. The company was established in 1996 by the entities in the social economy of Basque Country. Its activities cover all types of businesses, and more than 60% of its members are from the social economy sector or are self-employed. It thus also covers the activities of social enterprises.
- > **Creas Foundation:** This NPO encourages the development of venture capital for social enterprises with a positive social value. The foundation's efforts are focused on environmental and social projects.⁵¹
- > **ISIS Capital** is a joint initiative of the Isis Foundation and Gala Fund Management.

(49) See <http://www.fundacionico.es/index.php?id=110>.

(50) See <http://www.enisa.es/>.

(51) See <http://www.creas.org.es/eng/>.

The Isis Foundation aims to develop innovative social investment initiatives in Spain and in developing countries to improve the lives of vulnerable people and those at risk of exclusion. Gala Fund Management is a leading venture capital management company in Spain pioneering within the area of socially responsible investment, including social enterprises.⁵²

- > **Ambers & Co Capital Microfinance** is a subsidiary of Ambers & Co, an independent corporate financial advisory service provider offering investment banking and corporate finance. Ambers & Co Capital Microfinance makes investments that have a social and environmental impact (e.g., climate change, access to water and health), which include social enterprises.⁵³
- > **BBVA Microfinance Foundation** was created by BBVA in 2007 as part of its corporate responsibility strategy, particularly in the field of social action. Its purpose is to promote self-sustaining economic and social development projects developed by social enterprises and other organisations.
- > **BBVA Momentum Project** supports people who have observed a social problem and decided to find a solution through a business. According to the Momentum Project, social entrepreneurs should have the following characteristics: 1) relevant social impact, economically sustainable, innovative and scalable; 2) at least two years in operation; 3) at least two employees; 4) at least 100,000 EUR annual turnover; 5) maximum 49% income obtained through donations or grants; 6) activity and impact in Spain.
- > **LaCaixa MicroBank** is a section of LaCaixa Bank, one of the principal banks in Spain. The entity focuses on micro-enterprises and self-employment, and it runs a specific programme for supporting social entrepreneurs.⁵⁴ It aims to assist entrepreneurs and social enterprises in the start-up phase with training and management support, access to a network of social entrepreneurs, economic support and services to enhance the image and visibility of initiatives. The programme objectives are as follows:
 - > increase the social impact of social start-ups;
 - > increase the likelihood of success of new business initiatives;
 - > accelerate consolidation of social start-ups;
 - > introduce budding social entrepreneurs to society and raise public awareness about the importance of social enterprises;
 - > encourage transformation of social institutions into social enterprises.

(52) See <http://www.fundacionisis.es/>.

(53) See <http://www.gawacapital.com/>; although not specifically operating in Spain, Ambers & Co are very active in the Spanish territory. As an example, see <http://www.mixmarket.org/funders/gawa-capital>.

(54) http://obrasocial.lacaixa.es/ambitos/convocatorias/emprendimientosocial_es.html.

Furthermore, **CaixaBank** has special loans earmarked for social enterprises. These loans can be accessed by all employment insertion enterprises, as well as by companies working in the following areas: promotion of autonomy and attention to disability and dependence, fight against poverty and social exclusion, multiculturalism and social cohesion, and other projects with social and cultural impact.

- > **KutxaBank – BBK Fundazioa** is a foundation owned by the Basque Savings Bank KutxaBank that facilitates the provision of financial support to start-ups and social enterprises, and provides occasional technical support.

Funds from the European Investment Bank (EIB) have also been used to provide financing for social enterprises and social economy organisations. Traditional financial institutions participated in programmes aimed at promoting social enterprises by providing loans at a reduced interest rate. The EIB has also carried out lending operations directly.⁵⁵ To this end, the European Investment Fund (EIF) has entered into various agreements with banks in order to manage EaSI funds in Spain.⁵⁶

4.6.2.3. Ethical banks

- > **Triodos Bank:** This is an independent European bank with 32 years of experience in banking and a focus on financing companies, institutions and projects that add value from the social, environmental and cultural viewpoints.⁵⁷ Triodos Bank offers special finance to "social enterprises and NPOs with activities related to disabled people, social integration, healthcare, social services, and fair trade".⁵⁸ They only finance projects with positive social value, and most such projects are promoted by social enterprises.

Although the operations of these banks are usually similar to those of any private bank, they use a legal form associated with the social economy and have a long-standing tradition or are associated with other social economy organisations. They focus on social projects and initiatives promoted by social enterprises, mainly at local level. The banking conditions of social economy banks are sometimes better than those of

(55) In 2018, the EIB granted the first loan to a social economy enterprise in Spain: ILUNION (see illustration 7). More info at: https://ec.europa.eu/commission/news/first-eib-loan-social-economy-enterprise-spain-ilunion-receives-eur-35-million-under-juncker-plan-2018-sep-25_es.

(56) MicroBank y el Fondo Europeo de Inversiones (FEI) acuerdan un plan de inversión de 50 millones de euros para empresas sociales. 500 empresas sociales se beneficiarán de este convenio. https://www.caixabank.com/comunicacion/noticia/microbank-y-fondo-europeo-de-inversiones-empresas-sociales_es.html?id=41549#.

(57) <http://www.triodos.es/es/particulares/>.

(58) <https://www.triodos.es/es/empresas-instituciones/nuestros-sectores/iniciativas-sociales/>.

traditional banks because they better understand the characteristics and dynamics of the social sector.

- > **Laboral Kutxa** is a finance cooperative belonging to the Mondragon Cooperative Group. Laboral Kutxa finances intermediate partners in the Employment and Social Innovation (EaSI) programme of the European Commission. Furthermore, Laboral Kutxa has a long tradition of financing, promoting and collaborating with entities in the social economy; mainly cooperatives. In 2013, the bank established special programmes for social enterprises.⁵⁹
- > **Rural Cooperative Banks:** In the mid-1980s, 23 rural savings banks formed the Spanish Association of Rural Saving Banks (*Asociación Española de Cajas Rurales*). Nowadays, an additional 54 rural savings banks have joined the association, making it one of the main banking groups operating in the Spanish financial system and confirming consolidation of the most recent and far-reaching concentration process of Spanish cooperative banks.⁶⁰

4.6.2.5. Social and solidarity economy banks

Two social banks operate in Spain, namely Fiare and Coop57, which could be considered as social enterprises themselves. Both banks focus on financing social enterprises and other projects that can demonstrably create positive social value at the local level. They locate themselves within the social and solidarity economy and as such they strive to put an end to financial exclusion through the engagement and participation of their members/clients and active awareness-raising campaigns. They are briefly described below:

- > **Fiare:** This cooperative was founded in 2002, and since 2005, it has been operating in Spain as an agent of the Italian Banca Popolare Etica. Fiare understands financial activity as a tool to achieve a social impact. The bank has three offices in Bilbao, Barcelona and Madrid. It offers financial services to social enterprises and other "responsible" organisations. The FIARE ethical commission evaluates all received credit requests to ensure they are coherent with the FIARE political manifesto and the FIARE ethical code. Both the manifesto and the code focus on the need to achieve positive social impact by using FIARE's loans.

Website: <http://www.fiarebancaetica.coop/>

(59) http://www.elperiodicodearagon.com/noticias/aragon/aragon-fomenta-desarrollo-proyectos-sociales_877419.html.

(60) For example, Caja Rural de Soria (Soria is a countryside region in the north-centre of Spain) is one of the main promoters of Huella Social ("Social Footprint"), a hub focused on social entrepreneurs and social business activities.

- > **Coop57:** Coop57 is a cooperative of ethical financial services organisations devoted to providing loans to member organisations, including social enterprises. To become a member, an entity must satisfy two conditions: (i) it must be a legally valid entity operating in the social economy and (ii) it must demonstrate the creation of social value. Although it does not use the term "social enterprise", the social commission of Coop57 evaluates whether any entity wishing to become a member of the cooperative demonstrates the creation of positive social value. The members of Coop57 are therefore social enterprises and social organisations.

The cooperative started operations in 1995 in Catalonia, and since 2005 it has spread to other territories in Spain. Coop57 is a cooperative of financial services firms and works as a financing club for social enterprises and other social entities in the social economy. Because this activity is not controlled by the Spanish Central Bank, Coop57 is unable to offer financial services to individuals, although individuals can deposit their loans with the cooperative as collaborative members.

Website: <https://www.coop57.coop>

4.6.2.6. Crowdfunding platforms

GOTEO

This is an open source crowdfunding website and collaborative platform focused on citizens' initiatives and social, cultural, technological and educational projects. It has been recognised internationally and has won many awards since 2011. GOTEO is an effective platform, and it focuses on formalising initiatives and transforming them into social enterprises, particularly of the cooperative nature.

Some differences between GOTEO and other crowdfunding platforms are as follows:

- > Financed projects are required to provide collective returns in terms of social impact
- > There is a possibility for non-monetary contributions, in addition to monetary donations
- > Statistical data on social impact and website source code are openly available.

The website was developed by a non-profit foundation (with tax advantages for donors), and a multidisciplinary team continues to develop tools and services for co-creation and collective funding. The organisation's common mission is linked to the principles of transparency, progress and social improvement.

Website: <https://www.goteo.org>

LA BOLSA SOCIAL

This is an equity-crowdfunding platform funded in 2014. Through collective financing, it facilitates investors who can finance enterprises with a positive social or environmental impact (crowdimpacting). Social enterprises/projects that can apply for finance must meet three requirements: (i) a tested business plan, (ii) potential of growth, and (iii) positive and measurable impact on society or the environment. All economic information regarding the applicant social enterprise is available online for potential investors. Investment rounds are open for two to three months for both professional and small/individual investors. La Bolsa Social works with the "all or nothing" method. If the amount of financing requested by the social enterprise is reached, the increase of capital is formalised by a notary and the investors become shareholders of the social enterprise. If not, the contributions are returned to the investors at no cost for them. Once the investment round has been successfully closed, the investors of La Bolsa Social syndicate their investment, so that the investor who has contributed the most (reference investor) represents the rest of the investors in the board of members and has the right to appoint a consultant in the management board.

Website: <https://www.bolsasocial.com/>

4.6.2.7. Social impact investment

Despite being an incipient field, impact investment has raised increasing interest in recent years. Organisations such as UpSocial, in alliance with the Creas Foundation, Social Finance UK and Inuit, promote impact investment in Spain. At the time of writing, the Barcelona City Council⁶¹ and the Government of Navarre⁶² are studying the feasibility of issuing Social Impact Bonds.

Summarising the recent developments observed in the field of finance for social enterprises, the current economic situation in Spain has led to a shift in the attitude of Spanish social impact investors and private providers of finance (CREAS, ISIS, Caixa and BBVA). There is a change in their interest from social enterprises acting in the fields of international cooperation and environmental issues towards social enterprises targeting groups at risk of exclusion, such as people in unemployment and people with disabilities.

(61) <https://www.lavanguardia.com/local/barcelona/20171226/433891945598/barcelona-bonos-verdes-sociales-35-millones.html>.

(62) https://www.navarra.es/home_es/Actualidad/Sala+de+prensa/Noticias/2018/04/30/Bono+de+impacto+social.htm.

Impact investment is becoming popular in cases where:

- > investment funds provide seed capital for social and environmental activities
- > clients of private banks seek investment with a return in social or environmental terms
- > private foundations seek to achieve their mission through investment rather than philanthropy.

4.6.3. Market gaps/deficiencies

Stakeholders generally⁶³ perceive that there is a lack of financial services specifically addressing social enterprises, rather than a lack of finance supply (as explained above), and perhaps also a problem in satisfying the existing demand in some steps of the life-cycle of social enterprises.

In this sense, Law 5/2011 on Social Economy states that public administration should support the activity and social recognition of these organisations, even though there is no specification about the kind of financial support which should be given by the Government to social enterprises. The publication in 2014 of the Operative Programme of Social Integration and Social Economy 2014-2020 (*Programa Operativo de Inclusión Social y de la Economía Social 2014-2020*) offered a new opportunity to improve the financing of social enterprises' activities. This is a grant programme provided by both national and regional governments and which is funded by European funds.

One of the tools for increasing the attractiveness of social enterprises to potential investors is the promotion of measuring the social impact of their activities. Stakeholders view this issue as a future trend in the field of social enterprise. In addition, the Spanish Government is studying the promotion of a Law on Donors and Sponsors to make it more attractive to donate to foundations and NPOs by providing tax incentives. This law would help social enterprises to secure better financial resources. However, it has suffered several delays, and there is currently no concrete date for it to be brought into force.

(63) According to interviews conducted.

5

PERSPECTIVES

In this final section, perspectives on Spanish social enterprise are separated into five aspects. Firstly, the question of whether social enterprises should be located within or outside social economy is raised. The second major debate regards social enterprise and profit distribution if included in the social economy sector. Thirdly, funding is considered a regular topic. The fourth debate centres around the “qualification” of social enterprises with a recognisable label. And finally, the fifth debate considers whether social enterprises can be understood as an innovative institutional tool for a new system of social welfare or as an excuse to justify the withdrawal of public administrations from the provision of certain services.



5.1. Overview of the social enterprise debate at the national level

Various issues identified around the concept of social enterprise shall be clarified to place the concept in context and establish its borders and features. In the next few paragraphs, we summarise five aspects of the discussion in Spain.

First, one of the major debates is about the location of social enterprises within or outside the social economy and related implications. Representative entities and organisations of the social economy (mainly CEPES, but also the National Federation of Employment Integration Enterprises [FAEDEI], the National Federation of Special Employment Centres for Social Initiative [FEACEM] and the Solidarity Economy Network REAS) have proposed that social enterprises exist within the social economy following the framework Law 5/2011 on Social Economy. On the other hand, new models of social enterprises are not linked to the traditional organisations of the social economy, and the media use the concept of social enterprise generically to refer to firms that perform some "socially-oriented activity" or devote part of their profits to a "social issue", without regard to how those profits are generated, the governance model adopted and whether these entities should be included in the social economy sector.

A question arises from this debate: Can social enterprises be established as part of the social economy? If so, shall must they use a legal form already included in the social economy (cooperative, association, foundation), or may they use a specific legal form or qualification? Fajardo (2013) proposed that, if social enterprises include organisations beyond the social economy organisations that we accept today (CISs, EIs, CEEs, associations and foundations with economic activity), they should be required to meet legal regulations: recognition of rights, restrictions, obligations, promotion and so on. Furthermore, Fajardo (2013) suggested that this new concept must be integrated into the framework of the social economy as an extension of its borders.

This is precisely the evolution that the concept is undergoing in recent years. The level of institutionalisation of the concept of social economy has reached the highest levels with the creation in 2020 of the Ministry of Labour and Social Economy. Previously, the Government promulgated the Spanish Strategy for Social Economy 2017-2020, to reinforce and promote the values of the social economy, based on its potential contribution to the resilience of the Spanish economy, and to the achievement of sustainable and inclusive growth. It should be noted that the Strategy proposes to consider the incorporation of the concept of social enterprise as it is defined by the Social Business Initiative within the framework of the national Law on Social Economy.

However, entities such as REAS, Coop57 and FIARE are in the midst of this debate. Even if their work is devoted to the promotion of the organisations of the social economy,

they are currently wondering whether the legal framework could be relaxed so that some types of self-employed workers or limited liability companies could be accepted as members in their organisations. These agents may embrace the values of the social economy, but due to their specific economic activities or the regions where they are established (e.g., rural areas), they are unable to use the legal form of the social economy that is required to become part of REAS, Coop57 or FIARE.

The inclusion of the social enterprise concept within the social economy prompts a second question about its governance. One of the main features of the social economy is governance based on collective management. If social enterprises are considered part of the social economy, can they be governed individually or must they be governed collectively?

A second major topic of debate with regard to social enterprise and its inclusion in the social economy sector regards profit distribution. The social economy maintains limits on the distribution of business profits. In the social enterprise models included in the traditional perspective discussed above (CIS, EI and CEE), the absence of profit distribution is mandatory in their statutes by law. Any profits have to be reinvested in the organisation to ensure the achievement of their social mission, and cannot be distributed to individual investors or members. This policy on profit distribution constraint may create some controversy when social investment entities are involved, since they consider that profits are required to remunerate social investors who provide capital for the organisation. In short, the debate could be framed thus: is the non-distribution of profits a feature of a social enterprise? What limits should be placed on profit distribution?

Third, the nature of the funding is also a regular topic for questioning the model. Can a social enterprise receive public grants, or must be it financed exclusively through its commercial activities? This issue is key in many sectors in which social enterprises are linked to the provision of public services and activities for the government. Traditionally, the provision of public services (mainly social services) was carried out through subsidies and agreements with social entities, although these services are now managed by public procurement. The Law of Public Procurement enacted in 2017 can be considered as a milestone in this sense, since public procurement is intended as a tool for the public authorities to achieve their goals of redistribution and social cohesion. The law indeed recognises a role to social enterprises by understanding them as relevant cooperators for the achievement of these goals. However, if the financing of service providers through subsidies and agreements remained, would these organisations be considered social enterprises? Or would the acceptance of grants or fiscal support from the administration disqualify them as social enterprises? (e.g., special employment centres, are supported by the Spanish government through social security payments for workers with disabilities).

The fourth topic of debate is related to the "qualification" of social enterprise. Is a social enterprise label necessary? On the one hand, we could argue that a label would help consumers to identify social enterprises, which simplifies purchasing decisions for those responsible consumers who take into account social and environmental features in their purchases. On the other hand, we could identify three problems related to the introduction of a social enterprise label. First, it could provide an incentive for organisations to focus on specific social and economic outcomes that would maximise their final score in order to obtain the label rather than focusing on the quality of their services or user satisfaction, just as conventional firms focus on profit maximisation. Second, the establishment of a label is tied into the debate about the awarding system, its methodological consistency and the weight of each parameter included in it. Third, there are questions about the legitimacy of the certifying organisation; must it be a public authority, a representative body or an independent private company?

More debate is needed to achieve consensus about the three problems outlined above. In this same vein, Herrero (2016) identifies the need to reach a consensus on what social enterprises are, which would make it possible to identify and establish different types or profiles of social enterprises in each country. What is needed is a set of concise statistics with appropriate indicators that would permit the measurement and rating of the dimension, impact and efficiency of this sector. This would provide for the establishment of specific political actions and allow us to take advantage of the richness and diversity of social enterprises.

Such a shared definition is required to establish clear and specific criteria about the characteristics of social enterprise, because while there is some agreement, there is also a high level of abstraction in the concept. Further discussion is needed on some aspects, such as:

- > The percentage of an enterprise's total income that should represent commercial income, as well as the possibility of including public grants or other forms of income.
- > The non-profit character of social enterprises or limits on the distribution of profits, and in the latter case, the minimum percentage of reinvestment.
- > The establishment of criteria to identify structures of governance that reflect and ensure the organisation's social purpose (using democratic or participatory principles).

Even as this debate is on the table, some experiments to develop private social enterprise labels are being carried out. One of them is the B corp certification. Originating in the USA and now established in 30 countries, the B corp certification was introduced in Spain in 2015 with the aim of selecting those organisations that achieve at least 80 out of 200 points in a list of six categories, including environmental performance,

relationship with workers, type of product or service provided (i.e. does it solve a social or environmental problem?), governance (accountability and transparency) and impact on the community. Already, 65 enterprises working in Spain, most of them focused on services related to social impact and innovation,⁶⁴ have been certified as meeting standards of social and environmental performance, accountability and transparency, as defined by the B corp movement.

Finally, the fifth topic of debate is whether social enterprises can best be understood as an innovative institutional tool for a new system of social welfare or as an excuse to justify the withdrawal of public administrations from the provision of certain services. In response to the economic crisis and the need to reduce public expenses, national and regional governments are outsourcing public services (including social services) according to criteria based on the lower cost. Big corporations see this outsourcing as a business opportunity. In light of this, non-profit organisations that traditionally managed these types of services are diversifying their activities and grouping together to form new advocacy structures to defend their interests in the provision of social services.

This last topic was one of the most debated by the stakeholders consulted for the purpose of this study. These are some of their comments:

- > CEPES proposed that social enterprises arise from private entrepreneurial initiative to respond to social demands of certain groups of people and their families (in general, to help integrate groups at risk of exclusion). Although the government plays a crucial role in their creation and support with social public procurement and subsidies, the enterprises understand that their purpose is social work in the local environment.
- > Herrero (2016) followed up this idea, stating that "the recent economic crisis has created the necessity of significant challenges to social welfare systems, that is, the seeking and promotion of innovative systems for the provision of social services in a more efficient way". Instead of reducing or eliminating "government responsibility of societal problems" (Gilbert 2002),⁶⁵ the support of new forms of business acting as social enterprises could be a way to seek efficiency in dealing with society's problems.
- > Likewise, FEACEM proposed that social enterprises, as entities of the social economy, must be understood as an innovative institutional tool for a new system of social welfare—a new economy for a new society. Social enterprises complement, collaborate and engage with public administrations in a new system of social welfare, social inclusion and cohesion.

(64) Website of B-corp Spain: <https://www.bcorpSpain.es/directorio-b-corps>.

(65) Gilbert, N. (2002). Transformation of the welfare state: The silent surrender of public responsibility. Oxford University Press, USA.

- > FAEDEI pointed out the relevant role of employment integration enterprises as agents of active employment policies. Social enterprises provide opportunities for the groups with the greatest difficulty gaining access to the ordinary labour market. In this sense, FAEDEI considered the government justified in withdrawing from the provision of certain public services, understanding that social enterprises can contribute significantly in its place, even though the government technically remains responsible for providing social services (inter alia, by constitutional precept).

Although all the stakeholders understand social enterprise to be in collaboration with the government, they do not agree that the existence of social enterprises can justify the government's withdrawal from the provision of services.

5.2. Constraining factors and opportunities

In recent years, social enterprises have acquired greater visibility in Spain. Spanish society has recognised the role of the social economy and social enterprises, mainly because the current economic situation encourages seeking alternative forms of business and investment. Indeed, the economic conjuncture has created a number of opportunities for the creation of social enterprises (although it has also negatively impacted their growth, as explained below):

- > It is clear that society has perceived a failure, at least in part, of the existing economic models, switching the focus of the economy from a capitalist model to more socially conscious economic institutions. This environment favours the development of social enterprises. In positive terms, the visibility granted by public administrations and the media to the 2030 Agenda for Sustainable Development and the related Sustainable Development Goals in the recent years encourages social enterprises to be understood as a tool to achieve sustainable development in a more efficient way.
- > High unemployment rates have prompted individuals to seek alternative ways of pursuing their careers—for example, by setting up cooperatives and self-employment.
- > The economic crisis has made clear the need to seek and promote innovative welfare policies that guarantee the provision of social services in an efficient manner. One possibility is providing government support to organisations in civil society that deal with solutions to social problems and bring them to the market most efficiently. The use of social public procurement is an example of this. Many local and regional governments are using the administration's purchasing power

and the inclusion of social clauses in public procurements to establish an exclusive market for socially oriented organisations.

- > The creation of an institutional framework in Spain, with the adoption of Law 5/2011 on Social Economy and Law 31/2015 to support the social economy, as well as recognition at the European level of social enterprises as fundamental elements of the welfare state, made room for greater visibility of the work of social enterprises. The 2011 Law was significant for the recognition of the social economy as a sector, and it created high expectations for the development of entities in the sector. However, the impact of the Law has been limited by the minimal development of its proposals (e.g., after nine years there is no registry of social economy organisations) and the lack of funding for its promotion.
- > On the public sphere, there have been several milestones in the recent years:
 - a. Between 2015 and 2019, the main city councils in Spain (including Barcelona, Madrid, Valencia and Zaragoza) have been governed by the so-called "Municipalities for Change", emerged from the "*indignados* movement" (also known as *Movimiento 15-M*). These authorities made an important commitment in social economy projects and social enterprises, investing public funds and ensuring visibility for the development of the sector.
 - b. The promulgation of Law 9/2017 on Public Procurement has opened a new door for the development of social enterprises and social economy organisations, since it facilitates the participation of such organisations in public procurement procedures for the provision of services to/on behalf of the public administrations. However, there is still a long way to go before these new opportunities are fully exploited: on the one hand, capacity building shall be provided to public administrators to ensure the correct application of the specific measures envisaged in the law; on the other hand, social enterprises shall expand their range of services to meet the demands of the public administrations.
 - c. In 2018, the Spanish Strategy for Social Economy 2017-2020 represents a roadmap for the national government for the promotion of the sector.
 - d. Finally, the creation of the Ministry of Labour and Social Economy in 2020 is an important recognition for the institutionalisation of the sector.
- > Conditions for the establishment of social enterprises are improving as a result of the visibility of social enterprises in the media, on the internet and in foundations, associations and business schools, as well as the growing number of training programmes in the field of social entrepreneurship and social enterprise, including doctorate and master's programmes.
- > Finally, research and popular publications—together with the ample dissemination of some ideas linked to the social entrepreneur, such as the theories of Bill

Drayton, founder of Ashoka, who in 2011 received an important Spanish award, the “Prince of Asturias Award”—have contributed to promoting the idea of social entrepreneurship in Spanish society while also creating some confusion between concepts, since not all projects developed by social entrepreneurs can be considered as social enterprises.

In spite of a favourable climate that seems to provide a number of opportunities for the development of social enterprises, stakeholders consulted noted that there are still significant barriers to the establishment and growth of social enterprises. The most commonly noted issues were as follows:

- > Despite growing visibility, there still exists a significant lack of understanding in Spanish society about what social enterprises are. Furthermore, there is little real diffusion of news related to social enterprise in the traditional media.
- > It is difficult to measure the social and economic impact of social enterprises, since there is not an appropriate balance between the generation of social value and economic value.
- > Social enterprises contend with problems in reaching the market due to a lack of awareness among public institutions of the concept of social enterprise.
- > Announcements of grants and tenders do not take into account the special features of social enterprises.
- > University curricula include too little training in the management of social enterprises.
- > Lack of a developed practice for social public procurement, such as inclusion of relevant non-monetary selection criteria.
- > The tax system could be more favourable to social enterprises at both local and national levels. There are already some fiscal advantages (as illustrated above) but stakeholders consider that there is significant room for improvement.
- > Social enterprises experience difficulties in attracting investors and skilled workers due to the typically lower remuneration offered (for capital and work) when compared to conventional for-profit companies. Thus, it is necessary to find investors and workers who share their principles.
- > Social enterprises also face difficulties in accessing credit or other funding in some steps of the business cycle and, in some cases, in accessing financing tools adapted to their specific features.
- > The negative effects of the crisis are an additional constraining factor to their development (see below).

5.3. Trends and future challenges

The latest economic crisis has had a dual effect on the creation of social enterprises. On the one hand, it has stimulated the search for new economic structures and prompted the creation of alternative forms of enterprises, such as CIS. On the other hand, it has caused a standstill in public financing for initiatives related *inter alia* to social enterprises, although a change of direction has been observed at local level between 2015 and 2019 due to the abovementioned "Municipalities for Change". Furthermore, it seems that access to private traditional credit has become more complicated due to the effects of the crisis in the Spanish financial sector, although new financing options are emerging from within the social enterprise and social economy sector.

Social enterprises have proved to be more resilient to certain consequences of the crisis. Precise employment data is not available, but some estimates suggest that the broader social economy sector gained 29,000 firms and 190,000 jobs during the crisis, representing 10% of the GDP and 12.5% of total employment in Spain (CEPES, 2015).

In this context, social enterprises are becoming a major player within Spain's social economy. There are already several entities integrating the social enterprise panorama into the social economy (social initiative cooperatives, WISEs [EIs and CEEs], and foundations and associations carrying out economic activity), and the establishment of new social enterprise models is expanding the borders of this sector. Against the background of the government cuts in social programmes, individuals have started to organise themselves in order to prevent and solve societal problems in a sustainable way, trying to carry out economic activity that enables them to diversify their income sources and helping to further expand the reach of social enterprises.

The stakeholders consulted suggest that there is a general concern affecting the development of social enterprises in Spain, namely the territorial structure and uneven development at a regional level. It would be useful to articulate a single and basic national framework to allow a more homogeneous territorial evolution of social enterprises. The Spanish Social Economy Strategy 2017-2020 enacted in 2018 is a step forward in the way of configuring a unique framework. It involved the competent bodies at national level and in the Autonomous Communities, representative entities of the sector, experts and other relevant stakeholders in the field, with the aim of promoting the specific features of social economy enterprises in the single market.

A variety of documents from the sector summarise the present discussion of challenges for social enterprises at a national level. The following examples apply specifically to Employment Integration Enterprises (EIs):⁶⁶

(66) FAEDEI (2014): Memoria Social 2013, <http://www.faedei.org/images/docs/documento48.pdf>.

Fields of engagement

Social enterprises are created with the purpose of tackling a social problem or need existing in the context in which they emerge. The current situation of the Spanish economy (high rates of youth and long-term unemployment) suggests that one sector in which the presence of social enterprises could be increased is "training and employment integration of vulnerable groups of people". The logistics and distribution sector holds some promise for training and integrating vulnerable people, owing to the prevalence of repetitive, physical and non-complex tasks that require little-skilled labour. In addition, the ageing of the population could lead to the development of social enterprises in the field of "personal services provision" (such as services for the elderly). Finally, concern for the environment could encourage the creation of social enterprises related to environmental protection (e.g., renewable energy, ecological supermarkets, housing rehabilitation).

In any case, it is necessary to create products and services which, in addition to generating social value and value to the customer, are competitive and may be sold at reasonable prices such that they are sustainable and profitable.

Collaboration with public institutions

The main challenge in this case is to establish the obligation that social services can only be outsourced to NPOs (social enterprises) and to introduce social clauses in requirements for public procurement. Social clauses can be related to the characteristics of hired workers (facilitating the employment integration of vulnerable people), the preferred outsourcing of public contracts to social enterprises, the creation of reserved markets for social enterprises, the inclusion of ethical criteria in public procurement and the promotion of specific sectors related to social enterprises (e.g. fair trade), among others. In responsible public procurement, social organisations find an important niche in the market to support their activities. Law 9/2017 on Public Procurement has been an important advance in this way.

Financing

Social enterprises need to obtain adequate finance not only in their start-up phase, but also to ensure their growth and development as sustainable businesses.

A key issue is to determine what kind of financing is most appropriate for social enterprises. Rather than financing through investment funds and venture capital companies, which are looking for future profits, social enterprises need other options to maintain their social rather than speculative nature. One proposal from practitioners is to constrain the political rights of financing providers to control the power of investors.

Management

There are challenges within social enterprises, as well. Stakeholders have raised different questions related to working conditions, teams and auditing processes. The challenges are related to:

- > Creating professional certificates and accreditation of work experience.
- > Promoting cooperation inside the sector and with new partners to consolidate social enterprises.
- > Supporting new models of public-cooperative and public-community collaboration, from which new models of social enterprises are emerging.
- > Creating "teams" (of e.g., employees, partners, and investors) that share the mission, principles and convictions of social enterprises and that contribute to the balance between social value and economic value.
- > Improving working conditions.
- > Involving other stakeholders in the governance (e.g., users and public administrations).
- > Improving the processes of accompaniment of inclusion workers.
- > Improving production and management processes.
- > Developing processes for auditing and social balance and overcoming the difficulty of measuring the socio-economic impact of social enterprises.

Labels and certifications:

There is a consensus among stakeholders that labels and certifications are important. They help social enterprises to be recognised by society and thus help them to obtain resources and expand demand. They should provide clear information and, if possible, also distinguish social impact. Awarding criteria should be balanced as a set of too strict requirements may leave out small social enterprises that cannot achieve high standards, and too broad requirements may allow for any company to be defined as a social enterprise.

For future research, it would be interesting to establish a directory of social enterprises in Spain in all the areas in which they operate, identifying types or profiles of social enterprises and their elements and characteristics. This would be an important step toward producing statistics of the sector (or subsector) of social enterprises, allowing us to evaluate its scope and impact.

6

APPENDICES

Appendix 1. The EU operational definition of social enterprise

The following table represents an attempt to operationalise the definition of “social enterprises” based on the Social Business Initiative (SBI) promoted by the European Commission.⁶⁷

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

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

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

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

Appendix 2. Recent conferences, seminars and events focused on social enterprise and social economy organisations

Organised by universities

- > Summer School "La Empresa Social y los Objetivos de Desarrollo Sostenible", Julio 2019. Universidad Internacional Menéndez Pelayo: http://www.uimp.es/agenda-link.html?id_actividad=64F1&anyaca=2019-20.
- > REJIES-COST International PhD Seminar "Social economy and Social enterprise research: keys from an international perspective", April 2019. University of Seville (as part of the COST Action Empower-SE): <http://www.empowerse.eu/events/cost-rejies-international-research-workshop/>.
- > III Workshop on Social Enterprise, June 2016. University of Valencia: <http://www.uv.es/uvweb/university-institute-social-cooperative-economics-IUDESCOOP/en/empresocial/seminars-conferences-1285913914854.html>.
- > XVI Congreso de Investigadores en Economía Social de CIRIEC-España. October 2016: <http://www.ciriec.es>.
- > Seminar on models of social enterprises. University of Sevilla: <http://grupo.us.es/pymed/es/seminario-30-de-marzo-modelos-de-empresa-social-una-aproximacion-al-caso-espanol-por-la-dra-carmen-guzman-alfonso-profesora-universidad-de-sevilla/>.
- > Workshop on "Eco-lab 2016: For a fairer economy". University of Huelva: <http://www.uhu.es/sacu/cursos>.

Organised by CEPES-SPAIN

- > Online Seminar on "Responsible Public Procurement". June-July, 2019. https://www.cepes.es/noticias/561_cepes-abre-plazo-inscripcion-primer-programa-formativo-online-sobre-contratacion-publica-responsable.
- > "Madrid, capital of the European social economy. The social economy, an enterprise model for the future of the European Union", 23 May 2017, Madrid: <https://www.cases.pt/wp-content/uploads/2017/03/The-Social-Economy-an-enterprise-model-for-the-future-of-the-EU-MADRID-23-May-2017.pdf>. In this event the "Declaration of Madrid" was signed by 11 European Governments: https://www.cepes.es/noticias/491_paises-europeos-reivindican-madrid-papel-protagonista-para-economia-social.

- > "Social enterprise as an agent of social economy", 12 September 2014, Madrid.
- > "Social enterprise as an agent of social economy. The further agenda in the European institutions." 4 December 2014: http://www.cepes.es/noticias/402_economia-social-ocupara-lugar-prioritario-agenda-instituciones-europeas.

Organised by supporters

- > The Bilbao City Council organized the "Global Social Economy Forum – GSEF" in 2018". GSEF is a permanent international association that brings together local governments and civil society stakeholders who recognise the key role of the social economy in local economic development processes. <https://www.gsef2018.org/es/>
- > NESI Forum - Global Forum for New Economy and Social Innovation. Malaga, 2017. <https://nesi.es/>
- > ELHUECO, hub for social enterprises, organize the "European social entrepreneurship and social finance spring meetings". The first European social entrepreneurship and social finance spring meeting (14-15 May 2015) focused on social finance, cutting across all aspects of social enterprise and the wider social economy. The second European social entrepreneurship and social finance spring meeting, entitled "Social entrepreneurship in Sparsely Populated Areas" (20-21 May 2016), served as a meeting point between different actors within the most depopulated zones in Europe and explored the possibilities offered through social entrepreneurship in order to alleviate this situation and to encourage networking and exchange of knowledge. <http://www.elhueco.org/socialmeeting/en/>.

Organised by Networks

- > REAS-RIPESS: International Meeting of Transformative Economies. RIPESS-REAS, Barcelona, 2020. <https://transformadora.org/>.
- > REAS: II Conference of Solidarity Economy: the deployment of SSE. Bilbao, 2016. <https://esskongresua.net/es/>.
- > REAS: I International Conference of Solidarity Economy. Zaragoza, 2014. <http://economiameeting.net>.
- > FAEDEI: III INSERCIONA Social Integraton Enterprises Exhibition Zaragoza, 2014. <http://www.insercion.com/>.

Organised by other institutions

Below we offer a number of events organised around social enterprises in a wider sense or in connection with other fields (e.g. urban development). In many cases these target current and future professionals interested in these areas.

- > Premio Empresa Social (promoted by the Gala Foundation to encourage Corporate Social Responsibility, recognize the best business practices to serve as a catalyst and influence the transformation of society): <https://www.premioempresasocial.com/>.
- > Zinc Shower (professional event for the creative and collaborative economy): <http://zincshower.com/>.
- > Laboratorio del Procomún (a collaborative initiative that aims to structure a discourse and a series of actions and activities related to the commons): http://medialab-prado.es/laboratorio_del_procomun.
- > Inndeavalencia (cities and social entrepreneurship): <http://inndeavalencia.com/ciudades-y-emprendimiento-social>.
- > Think Big (an initiative by Telefonica Foundation aimed at young people between 15 and 26 interested in launching a social enterprise): <https://thinkbigjovenes.fundaciontelefonica.com/que-es-thinkbig/de-que-va-thinkbig>.
- > Ético 2016 (an initiative that aims to increase the visibility of the ecosystem around social entrepreneurship via networking and knowledge exchange): <http://www.simplelab.org/web/event/etic016-espacio-de-transformacion-e-innovacion-colectiva-o-comunitaria/>.
- > SIMPLELAB (social entrepreneurship competition): <http://www.simplelab.org/web/costa-de-la-luz-solar-challenge-2016>.
- > International Meeting of Social Entrepreneurship JOVESOLIDES (an event in the framework of a larger project that promotes the strengthening of social and academic organisations working in the field of youth): <http://www.redjovesolid.es.org/en>.

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Appendix 4. List of stakeholders consulted for the purpose of the study

Full name	Organisation/Role	Stakeholder category
Margarita Albors	SOCIAL NEST Foundation	Social enterprise that promotes sustainable businesses seeking to have a positive social impact
María del Pilar Alguacil	IUDESCOOP	Professor expert in social enterprises, Valencia University
Miguel Angel Cabra de Luna	ONCE Foundation	Professional and member of GECES group European Commission
Rafael Chaves	IUDESCOOP	Professor and expert in social enterprises, IUDESCOOP
Carmen Comos	CEPES	Main Spanish confederation representing the business interests of the social economy
Miguel Crespo	Subdirección Economía Social Ministerio. Jefe de Servicio de Economía Social y RSE	Director of Social Economy, National Government
Gemma Fajardo	IUDESCOOP	Professor and expert in social enterprises, Valencia University
Jordi García	Xarxa d'Economia Solidaria	Network of Social Enterprises in Catalonia
Carmen Guzmán	Universidad de Sevilla	Lecturer and expert in social enterprises, Sevilla University
Manuel Hernández	Fundación Rey Ardid (propuesta de entidad del Sector tradicional)	Social enterprises group in Aragón
Mercedes Herrero	Florida Universitaria	Professor and expert in social enterprises, Florida University
Ana Marco	Som Energía	Social enterprises cooperative in energy sector
Nieves Ramos	FAEDEI	National Federation of Work Integration Social Enterprises
Josefa Torres	FEACEM	National Federation of Special Employment Centres for Social Initiative

Appendix 5. Summary of legal regulation

- > Law 5/2011 on Social Economy.
- > Royal Legislative Decree 1/2013, of 29 November, approving the Revised Text of the General Law on the Rights of Persons with Disabilities and their Social Inclusion.
- > Law 31/2015, 9 September, which modifies and updates the rules on self-employment and adopts measures of promotion and facilitation of self-employment and the social economy.

Social Initiative Cooperatives

- > **Cooperative Social Integration:** This features in various Spanish cooperative laws, sometimes under that name (Basque Country, Valencia, Galicia, Madrid, Andalusia, La Rioja and Castilla-La Mancha), sometimes as Cooperative Welfare (Navarra and Extremadura), the Cooperative of Social Services (Aragon) or the Cooperative of Social Integration (Balearic Islands). It is specifically listed in the following articles: Extremadura Cooperatives Law, 1998 (Section 153); Galician Cooperatives Law, 1998 (Article 125); Aragon Law, 1998 (Article 83); Madrid Law, 1999 (Section 121); La Rioja Law, 2001 (Section 129); Law of Castilla-La Mancha, 2010 (Article 149); Balearic Law, 2003 (Section 139); Valencian Law, 2003 (Article 98); Navarra Law, 2006 (Article 77); and Asturian Law, 2010 (Article 184).
- > **Social Initiative Cooperatives (in the strictest sense):** The model described is recognised as a social initiative cooperative in various legislations (Aragón, Madrid, La Rioja and Castilla-La Mancha), although it is not the only one used. In Galicia it is known as the Social Services Cooperative and in Andalusia as the Social Interest Cooperative. It is specifically listed in the following articles: Galicia Coop. Law, 1998 (Article 126); Aragon Law, 1998 (Article 77); Madrid Law, 1999 (Article 107); Andalusian Law, 2011 (Article 94); La Rioja Law, 2001 (Article 112); Law of Castilla-La Mancha, 2010 (Article 149); Murcia Law, 2006 (Article 130-131); and Asturian Law, 2010 (Article 184).
- > **Social Initiative Cooperatives (in a broader sense):** The State Cooperatives Law of 1999 defines these as ‘cooperatives that, being non-profit and independent, have a social purpose, the provision of welfare services, conducting health activities, educational, cultural, social or other nature, or the development of any economic activity that is intended to employ people suffering any kind of social exclusion and, in general, the satisfaction of social needs that are not satisfied by the market’ (art. 106). This broad concept of Social Initiative Cooperatives has subsequently been adopted by several cooperative laws in Spain, including the Basque Country,

Castilla y Leon, Catalonia, Baleares, Murcia and Navarra. Specifically, the State Law of 1999 (Article 106); Basque Decree 61/2000, which regulates social initiative cooperatives (Article 1); Castilla y León Law, 2002 (Article 124), Catalan Law of 2002 (Article 128); Balearic Law, 2003 (Article 138); Murcia Law, 2006 (Article 130-131); and Navarra Law, 2006 (Article 78).

Special Employment Centres for Social Initiative (Centros Especiales de Empleo, CEE)

National level

- > Legislative RD 1/2013, revised text of the General Law on the rights of people with disabilities and their social inclusion
- > General Law on the rights of people with disabilities and their social inclusion (Legislative Decree 1/2013, of 29 November, which approves the revised text of the General Law of rights of people with disabilities and their social inclusion), articles 43 et seq..
- > Fourteenth final disposition. Law 9/2017, of 8 November, on Public Sector Contracts, transposing into Spanish law Directives 2014/23/EU and 2014/24/EU of 26 February 2014.

Regional level

Valencian Community:

- > Law 11/2003 of 10 April; the status of people with disabilities in the Valencian Community

Employment Integration Enterprises (Empresas de Inserción, EI)

National level

- > Spanish Law (Law 44/2007, of 13 December, for establishing the basic conditions of integration enterprises. BOE. 299).

Regional level

Andalucía:

- > Decreto 193/2010, de 20 de abril, por el que se regula la calificación y se crea el Registro de Empresas de Inserción en Andalucía

Aragón:

- > Decreto 37/2006, de 7 de febrero, del Gobierno de Aragón, por el que se regulan las Empresas de Inserción Laboral y se aprueba el Programa ARINSER de ayudas económicas para la integración socio-laboral de colectivos en situación o riesgo de exclusión

Baleares:

- > Decreto Balear 60/2003, de 13 de junio, por el que se regula la calificación de las Iniciativas Empresariales de Inserción y se crea el Registro de Iniciativas Empresariales de Inserción de las Illes Balears.

Canarias:

- > Ley 1/2007, de 17 de enero. Prestación Canaria de Inserción.
- > Decreto 137/2009, de 20 de octubre, por el que se regula la calificación de empresas de inserción, el procedimiento de acceso a las mismas y el Registro de Empresas de Inserción de Canarias.

Cataluña:

- > Ley 27/2002, de 20 de diciembre, de Medidas Legislativas para Regular las Empresas de Inserción Socio-laboral en Cataluña.

Castilla La Mancha:

- > Decreto 22/2010, de 20/04/2010, por el que se dictan normas de desarrollo para la calificación de empresas de inserción y se crea el registro administrativo de estas empresas.
- > Ley 5/1995, de 23 de marzo, sobre inserción laboral y empresas de inserción.

Castilla Y León:

- > Decreto 34/2007, de 12 de abril, por el que se regula el procedimiento de calificación de las empresas de inserción laboral y se crea su registro administrativo.

La Rioja:

- > Ley 7/2003, de 26 de marzo, de inserción sociolaboral.
- > Decreto 2/2006, de 13 de enero, por el que se crea el Registro de Empresas de Inserción Sociolaboral de La Rioja, y se regulan los requisitos para la calificación e inscripción en dicho Registro.

Madrid:

- > Decreto 32/2003, de 13 de marzo, por el que se regula la colaboración de las empresas de promoción e inserción laboral de las personas en situación de exclusión social con la Comunidad de Madrid y se establecen las medidas de fomento de su actividad

Navarra:

- > Decreto Foral 130/1999 de 26 Abril, por el que se regulan las ayudas económicas para el desarrollo de los programas de incorporación socio-laboral destinados a personas en situación de exclusión social.

País Vasco:

- > Decreto 182/2008, de 11 de noviembre, por el que se regula la calificación de empresas de inserción, se establece el procedimiento de acceso a las mismas y su registro de Euskadi.
- > Decreto 305/2000 de 26 de Diciembre, por el que se regula la calificación de las Empresas de Inserción.

Comunidad Valenciana:

- > Ley 1/2007, de 5 de febrero, por la que se regulan las empresas de inserción para fomentar la inclusión social en al Comunitat Valenciana.
- > Orden de 29 de diciembre de 1995, que regula los talleres de inserción socio-laboral.

Associations and Foundations with economic activity

- > Associations, which are regulated by the Associations Law 1/2002, the Royal Decree 1497/2003 for the regulation of the National Register of Associations, the Royal Decree 1740/2003 for procedures needed to qualify an association of public utility or Law 49/2002 for the taxation of NPOs.
- > Foundations, regulated at state level by Law 50/2002 of 26 December. Regional governments also have legislation on Foundations. For example, in the case of Valencia, Law 8/1998 of 9 December for Foundations of Valencia, renewed in 2008, includes the exclusive competence of the Generalitat of Valencia (Valencian government) concerning foundations for teaching, as well as cultural, artistic and charitable organisations, which primarily perform their functions in this area of Spain.
- > Law 49/2002 tax incentives.

Appendix 6. Comparative overview of the legislative framework for social integration enterprises, social initiative cooperatives and special employment centres

Legal form	Social integration enterprise (EI)	Social initiative cooperative (CIS)	Special employment centre (CEE)
Definition	<p>An EI is a cooperative or company that performs economic activity to integrate people at risk of social exclusion, through their work, as a transition to regular employment.</p> <p>A cooperative or company that has this purpose may be classified as an EI if described as such by the public administration and registered on the Register of EIs.</p> <p>Most EIs are limited liability companies (SRLs). This description focuses on this underlying legal form.</p>	<p>A CIS is a non-profit cooperative with the following aims:</p> <ul style="list-style-type: none"> > Provision of social services (health, education, culture). > Performing economic activity that is intended to employ socially excluded people. > Meeting social needs not met by the market. <p>The CIS may be composed exclusively of workers, for consumers, users, professionals or entrepreneurs, or can integrate various types of membership in the cooperative. The bylaws can state that the shareholders are simply workers. These are called "work members" (<i>socios de trabajo</i>). It is also possible to create "comprehensive cooperatives" (<i>cooperativas integrals</i>), which meet the aims of different types of cooperative and can have a range of types of members. Public entities and organisations may participate as members in the CIS.</p>	<p>A CEE is a workplace that is designed to ensure gainful employment and provide services to disabled workers. Any public or private entity, non-profit or for profit, can create these centres. Only a non-profit social initiative CEE may receive public aid.</p> <p>This description focuses on a CEE social enterprise formed by a NPO, which typically adopts the legal form of an association. The association is defined by the national law as a NPO. Associations are established through the agreement of three or more people who pool knowledge, resources and activities to achieve common non-profit goals and general or specific interest. Associations that promote general interest purposes such as assistance and social inclusion of people with disabilities or at risk of exclusion may be declared, if they meet the requirements of the Act, as public utility associations, allowing them to be beneficiaries of certain aid.</p>

Legal form	Social integration enterprise (EI)	Social initiative cooperative (CIS)	Special employment centre (CEE)
<p>Key national legislation governing legal form</p>	<p>National law and various regional laws regulate EIs.</p> <p>State law: Law 44/2007, of 13 December (LEI).</p> <p>If the EI is a cooperative, it is also regulated by the national Law on Cooperatives 27/1999, or the law of the Autonomous Community concerned.</p> <p>If it is a corporation or limited liability company, it is also governed by the Companies Act (Royal Legislative Decree 1/2010, of 2 July or LSC).</p> <p>Royal Legislative Decree 1/2013, of 29 November, approving the Revised Text of the General Law on the Rights of Persons with Disabilities and their Social Inclusion.</p>	<p>Cooperatives are regulated by the State and the Autonomous Communities. There is a national law and 15 regional laws.</p> <p>State law: Law 27/1999, of 16 July (LC).</p> <p>Article 106 regulates CISs. The cooperative tax regime is regulated by Law 20/1999.</p> <p>The Spanish Constitution (1978) provides in Article 2 that the public authorities shall promote, through appropriate legislation, cooperative societies.</p>	<p>CEEs are regulated by Royal Legislative Decree 1/2013 on the Rights of Persons with Disabilities and its social inclusion (arts. 43 to 45):</p> <p>Royal Decree 2273/1985;</p> <p>Royal Decree 1368/1985 on the special employment of disabled workers;</p> <p>Royal Decree 469/2006 on professional support to disabled workers;</p> <p>Royal Decree 870/2007 for the Promotion of Employment of Disabled Persons; and Order of 10 April 1986 creating the Employment Centres Registry.</p> <p>Associations are regulated by:</p> <p>the Associations Law 1/2002 (LA); Royal Decree 1497/2003 on the Regulation of the National Register of Associations;</p> <p>Royal Decree 1740/2003 on the Procedure to qualify an association of public utility; and Law 49/2002 on Taxation of NPOs. The Spanish Constitution (1978) recognises the legal form in Article 22 on the Freedom of Association, and in Article 49.1, which orders the public powers to make a policy of preventive, treatment, rehabilitation and integration of people with disabilities.</p>
<p>Whether or not the legal form is used exclusively for social enterprise</p>	<p>Exclusively for social enterprises</p>	<p>Exclusively for social enterprises</p>	<p>Exclusively for social enterprises</p>

Legal form	Social integration enterprise (EI)	Social initiative cooperative (CIS)	Special employment centre (CEE)
<p>Methods of creation</p>	<p>To establish an SRL-based (limited liability company) EI: a contract or act of incorporation of the SRL needs to be held in the presence of a public notary; once the agreement is formalised in a public deed, it must be registered in the Commercial Register to obtain legal personality. The registration is publicly announced in the Official Bulletin of the Commercial Registry.</p> <p>Once incorporated and registered in the Commercial Register, the SRL may apply for EI qualification if it meets the requirements under Article 5 LEI.</p> <p>To form an EI-SRL, the following documents must be submitted: application for registration; deed of incorporation of the SRL; and articles of association. To qualify as an EI, the following documents must be submitted to the competent authority of the Autonomous Community: request for qualification; articles of incorporation of the SRL and bylaws; evidence of economic viability, technical and financial business plan; proof of the number of people to be included.</p> <p>The EI is registered with the appropriate registry in accordance with its legal form (Registrar of Cooperatives or Commercial Register). Once classified as an EI by the administrative authority, the EI is also included in the Register of EIs in its corresponding Autonomous Community.</p>	<p>First the contract or act of incorporation of the cooperative needs to be signed in the presence of a public notary. Once the agreement is formalised in a public deed, it must be registered in the Cooperatives Registry to obtain legal force.</p> <p>Once incorporated and registered in the Register, the cooperative may apply for CIS qualification if it meets the specified requirements.</p> <p>Some cooperatives, because of their activity (e.g., financial) may be required to register in other registers, such as the Registry of Commerce, or obtain approval for their establishment, e.g., as a credit union or insurance provider.</p>	<p>Associations are established by agreement of their members. This agreement of incorporation of the association must be in writing.</p> <p>The creation of a CEE requires qualification and registration in the CEE Register of the Autonomous Community where it is located.</p> <p>For the constitution of an association the following documents are required:</p> <ul style="list-style-type: none"> > Public or private document which formalises the agreement establishing the association. > Bylaws. <p>For the registration of the association in the Register of Associations the following documents must be submitted:</p> <ul style="list-style-type: none"> > Application for Registration. > Act of agreement of association. > Bylaws. <p>To request classification as a public utility association:</p> <ul style="list-style-type: none"> > Application for a declaration of public utility. > Report of activities undertaken in the last 2 years. > Annual accounts for the last 2 years. > Certification from the Tax Administration and Social Security, proving that the association has paid its tax and social security obligations. > Certification of the agreement adopted to apply for the qualification of public utility. <p>To apply for qualification and registration as a CEE:</p> <ul style="list-style-type: none"> > Accreditation of legal personality > An economic study proving the viability and likelihood of survival of the CEE to carry out its purposes > Express the commitment to integrate in the workforce people with severe disabilities (>70%). > List of expected professional staff who will provide the services required by workers with a disability.

Legal form	Social integration enterprise (EI)	Social initiative cooperative (CIS)	Special employment centre (CEE)
Required capital or assets	<p>To form an SRL, a minimum capital of 3,000 EUR is required.</p> <p>To qualify for EI status, there are no specific requirements regarding the amount of capital. However, it is required that 51% of the capital is held by NPOs.</p>	<p>Cooperative national law does not provide for a minimum capital requirement.</p> <p>However, most of the cooperative laws of the Autonomous Communities require a minimum capital. This is usually 3,000 EUR, which is the same required for the creation of a SRL.</p>	Not applicable to legal form.
Management and corporate governance	<p>The Companies Act sets out several ways of organising the management in an SRL; the appointment and removal of the administrator; capacity, remuneration and compensation; the duties and responsibilities of directors; and the board of directors as the main board.</p> <p>All SRLs must have a board of directors. The statutes of the SRL can set different ways of organising its administration - the General Meeting may choose any system including a sole director, two directors of solidarity or joint operation, or a board of directors consisting of three or more directors. The administration is subject to the control of the General Meeting of members, who can remove the directors.</p> <p>Acting as the director of a SRL is unpaid unless the bylaws provide otherwise. If compensation is not based on participation in profits, the remuneration of the directors shall be determined each year by the General Meeting.</p> <p>The directors are elected by the General Meeting. A director's term of office is indefinite unless the statutes provide for a specified period.</p>	<p>Cooperative legislation regulates the board of directors, its nature, composition and representation, powers, choice, duration, termination, operation, agreements, remuneration, ability to be a director, conflict of interest and accountability.</p> <p>It also regulates the auditors' intervention or control body and the Appeal Committee.</p> <p>Every cooperative must have a board of directors (consejo rector). If the cooperative has less than 10 members it may have a sole administrator to assume these responsibilities.</p> <p>The board of directors is subject to internal auditors (interventores).</p> <p>The board of directors is subject to the general assembly of members, which can remove the directors.</p> <p>The bylaws of the cooperative determine the number of directors and the duration of their time in office. The number of directors may not be less than 3, and there must be at least a president and a secretary</p>	<p>The bylaws of the association must establish criteria to ensure its democratic functioning, its representative bodies, their composition, rules and procedure for the election and replacement of their members, powers, terms of office, causes for termination, etc.</p> <p>The general assembly is the supreme governing body of the association, which is composed of members who adopt resolutions by a majority and must meet at least once a year. There must be a representative body to manage and represent the interests of the association. Only members may be part of the representative body.</p> <p>The board (representative body):</p> <ul style="list-style-type: none"> > Manages and represents the interests of the association > Has a jurisdiction generally extending to all acts to further the purpose of the association > Members become liquidators at the time of dissolution of the association, unless the statutes or the assembly state otherwise. In these cases, the Act lists the functions to be appointed as liquidators.

Legal form	Social integration enterprise (EI)	Social initiative cooperative (CIS)	Special employment centre (CEE)
Management and corporate governance	<p>Administrators can be natural or legal persons. Unless the bylaws provide otherwise, there is no requirement to be a member to be an administrator. Administrators can resign and may be removed by the General Meeting at any time.</p> <p>The duties of the directors include:</p> <ul style="list-style-type: none"> > Carrying out their duties with the diligence of a prudent businessman. > Informing the board of directors of situations of conflict of interest. > Not competing with the organisation > Maintaining confidentiality. 	<p>As a general rule, directors must be members of the cooperative. However, if the bylaws so provide, up to one-third of the directors may be elected between skilled non-members. The bylaws may provide that non-members directors receive remuneration, and it should establish the system and criteria to be followed by the general assembly to fix such remuneration. The directors are compensated for the expenses incurred for their time in office.</p> <p>If the cooperative is a CIS, it must meet the inherent requirements of non-profit cooperatives. One of them is that the director is an unpaid position, although expenses incurred in the performance of their duties may be claimed.</p> <p>Directors are elected by the general assembly by secret ballot. However, if the cooperative has over 50 permanent workers, one of them, chosen by the work council of the cooperative will be part of the governing council.</p> <p>There is a conflict of interest when the cooperative is obliged to any director, intervener or one of his relatives to some degree. In these cases, the law requires that the general assembly authorise by resolution that relationship and not participate in the vote interested member. The acts and contracts are voidable without such authorisation.</p>	-

Legal form	Social integration enterprise (EI)	Social initiative cooperative (CIS)	Special employment centre (CEE)
Rights of members	<p>Legal form has members.</p> <p>The key rights of members of the SRL include:</p> <ul style="list-style-type: none"> > a) Right to attend and vote at the general meeting. > b) Right to contest corporate resolutions. > c) Right to information. <p>The right to information includes the right to request information or clarification on the matters on the agenda during the meeting or before.</p>	<p>Legal form has members.</p> <p>The main rights of members of cooperatives include:</p> <ul style="list-style-type: none"> > a) Right to attend and participate in the discussions, make proposals and vote > b) Right to challenge social agreements > c) Right to receive the information necessary to exercise their rights and fulfil their obligations. 	<p>Legal form has members.</p> <p>The members' rights include the right of free association, the freedom to form an association, to associate, to continue in it and the right not to declare their affiliation to an association. The bylaws must establish the requirements and procedures for admission and removal of members and potential penalties, and also indicate the rights and obligations of members.</p> <p>Only members can be part of the representative body.</p> <p>Members representing at least 10% of the body may request the convening of an extraordinary general assembly. Members must be involved in the activities of the association and the governing and representative bodies; attend and vote at the general assembly; be informed of the composition and accounts of the association and its activities; be heard and have access to the grounds for the action prior to disciplinary measures being taken against the member; challenge resolutions of the representative bodies that infringe the law or bylaws; partners can voluntarily separate from the association at any time.</p>
Voting and representation of members in general meetings	<p>Members vote on resolutions at the General Meeting.</p> <p>The member may be represented at the General Meeting by a consort, ancestor or descendant family, partner or other person who holds a general power of representation via a public document. The power must be in writing and specific to each meeting.</p>	<p>Cooperative decisions are taken by members of the general assembly and under the general principle of one member, one vote.</p> <p>The member may be represented by an authorised representative at meetings of the general assembly.</p>	<p>The general assembly is the supreme governing body of the association, which is composed of members who adopt resolutions by majority and must meet at least once a year.</p>

Legal form	Social integration enterprise (EI)	Social initiative cooperative (CIS)	Special employment centre (CEE)
Types of shares, if any	<p>Legal form has shares.</p> <p>The member has a share (as 'participación') in the capital of the SRL. Each share confers on its holder the status of shareholder and the rights recognised in the law and in the statutes. But the shares are not securities and they cannot easily be transmitted.</p> <p>In the limited liability company, unless the bylaws provide otherwise, each share gives the holder the right to cast a vote.</p>	<p>Legal form has shares.</p> <p>The member has a share (participación) in the capital of the cooperative. The right to vote is linked to the status of member, not to the ownership or possession of shares of capital.</p> <p>Members who do not participate in the cooperative activity, but only contribute capital (collaborative member) may or may not vote, according to the statutes. Members who do participate in the activity usually have one vote, regardless of the capital. When plural voting is allowed, it is not in proportion to the capital paid.</p>	<p>Legal form does not have shares.</p> <p>An association is a not-for-profit legal form. The benefits of any economic activity and any reserves must be used exclusively for carrying out its purposes.</p>
Distribution of dividends on share capital	<p>In an SRL, unless otherwise provided in the bylaws, the distribution of dividends to the shareholders is in proportion to their participation in the share capital</p>	<p>The concept of "dividend" (<i>dividendo</i>) is not used in connection with the cooperative, while the concept of "interest" (<i>interés</i>) is used, because remunerated capital is an expense for the cooperative and not the destination of the benefits.</p> <p>Interest must be provided for in the statutes and the cooperative must have positive results for the year or, as required by some laws of the Autonomous Communities, there must be reserves for these purposes. As a general rule in the cooperative, interest cannot exceed 6 points above the legal interest rate.</p>	<p>Not applicable to legal form.</p> <p>An association is a NPO. The benefits of any economic activity and any reserves must be used exclusively to carry out its purposes.</p>
Distribution of reserves	<p>The Law on EIs requires that 80% of the profits available for the year are allocated to the improvement or expansion of productive structures and integration.</p> <p>To maintain EI status, the majority of share capital must be held by NPOs and capital transfers should respect these limits, otherwise the EI will be disqualified.</p>	<p>The Mandatory Reserve Fund is used for the consolidation, development and guarantee of the cooperative.</p>	<p>Not applicable to legal form.</p>

Legal form	Social integration enterprise (EI)	Social initiative cooperative (CIS)	Special employment centre (CEE)
Allocation of the surplus particularly to compulsory legal reserve funds	<p>Legal form is required to allocate surpluses to compulsory legal reserve funds.</p> <p>10% of annual proceeds should be allocated to the legal reserve until it reaches at least 20% of the capital.</p>	<p>The surplus should be allocated at least 20% to the Mandatory Reserve Fund and 5% to the Cooperative Promotion Fund.</p> <p>The benefits should be allocated at least 50 % Mandatory Reserve Fund. In other cooperative laws should be allocated 100% of the profits to this fund.</p>	Compulsory legal reserves not applicable to legal form.
Distinction dividends/ refunds and distribution of refunds	No distinction between distribution of dividends and refunds.	<p>There is a difference between “surpluses” (<i>excedentes</i>), which are the result of the activity with partners, and benefits (<i>beneficios</i>), which are results of other activities.</p> <p>Regarding the surplus: members allocate surpluses to any or all of the following purposes: developing their cooperative, possibly by setting up reserves, at least part of which would be indivisible; benefiting members in proportion to their transactions with the cooperative (<i>retornos</i>); and supporting other activities approved by the membership.</p> <p>However, the benefits cannot be distributed to members.</p> <p>To be a non-profit cooperative, the CIS may not distribute any positive results between partners, nor can it remunerate workers (whether members or not) by more than 150% of the remuneration designated by collective agreement.</p> <p>Surpluses are distributed only among those who have participated in the cooperative activity, and are distributed in proportion to their contribution.</p> <p>Interest is paid to capital providers and in proportion to their contribution. The amount is limited by law.</p>	Not applicable to legal form.

Legal form	Social integration enterprise (EI)	Social initiative cooperative (CIS)	Special employment centre (CEE)
Restrictions on ability to trade	<p>An EI can perform any economic activity whose purpose is integration and socio-professional training for socially excluded people as a transition to regular employment. The EI cannot perform economic activities other than those related to its objectives.</p> <p>A limited liability company may establish subsidiaries and parallel societies.</p>	<p>Cooperative activity must meet the needs and interests of the members. Moreover, the law prohibits the exercise of various activities by entities that are not corporations, such as: pharmacies, power distribution, travel agencies, etc. The cooperative can carry out with third parties the same activities it does with its members. This cannot exceed certain limits established by law, in order to ensure that cooperatives operate primarily for the benefit of the members.</p> <p>Cooperatives can form partnerships and can be grouped with other entities, whether cooperatives or not, for better achievement of their objectives.</p>	<p>Associations can perform all activities necessary to achieve their purposes, without limitation, provided that such activity is not profit making.</p> <p>Public utility associations (established to promote the general interest) are limited in their activities. The law states what purposes are considered of general interest and further requires that the association's activities are not restricted exclusively to benefit its members, but open to any other potential beneficiary, subject to conditions, in order to achieve the purposes of the association.</p> <p>If the association is a CEE, economic activity must also be aimed at achieving gainful employment and the provision of social services for workers with a disability.</p> <p>Associations may cooperate with other NPOs for the better performance of their social goals, through coordination agreements for the use of common names, share policies, resources, volunteering etc. These groups would not be forced to consolidate their accounts.</p>
Internal financing (e.g. investment title, member investors, increase in members' contributions)	<p>The law requires that the majority of the EI's capital must be held by NPOs.</p> <p>An EI can seek membership fees from its members. It can also seek donations or loans from its members and can issue bonds to its members.</p>	<p>In a cooperative, members can subscribe to shares (at the time of the incorporation or during its life, when required or permitted by the cooperative).</p> <p>The members can also invest in the cooperative in other ways, e.g., by giving loans to the cooperative or by payment of supplementary contributions.</p>	<p>The statutes may provide for the payment of associated fees, levies and other contributions made.</p> <p>The association may have economic resources derived from profitability, their assets, their economic activities or donations.</p> <p>CEEs may be financed by contributions from the owners of the centres and the benefits generated by the centre's activity.</p> <p>They can also seek donations or loans from their members and can issue bonds to their members.</p>

Legal form	Social integration enterprise (EI)	Social initiative cooperative (CIS)	Special employment centre (CEE)
<p>External financing (e.g. banking loans, issuing bonds, specific investment funds) including possibility of non-member investors</p>	<p>An EI can only make limited distributions of profits. Furthermore, there are restrictions on the type of entity that may invest in an EI because the law requires that the majority of the EI's capital must be held by NPOs.</p> <p>Normally a company which invests in an EI is clearly committed to/shares its social goals.</p> <p>An EI can also obtain loans from banks or other financiers and can issue bonds. It can also seek grants and donations.</p>	<p>The cooperative may appeal to investors who provide capital. These are called collaborators (<i>colaboradores</i>).</p> <p>Their remuneration may consist of interest, but in some Autonomous Community laws, the portion of the results devoted to remunerating collaborators may not exceed 45%. These capital shares may also provide limited voting rights and they can be transferred. These members may not have the control over the cooperative.</p> <p>The cooperative can also obtain public financing, primarily through bonds and equity securities.</p>	<p>Third parties may contribute to special employment centres.</p>
<p>Transparency and publicity requirements (and related auditing issues)</p>	<p>Limited liability companies must file accounts with the Commercial Register. Anyone can apply for a copy of the accounts filed with the Commercial Register.</p> <p>EIs must submit the following documents annually to the Administrative Registry of EIs: the annual accounts for the last year, the management report, the social balance sheet etc.</p> <p>Limited liability companies are required to audit their accounts and management reports. They should also audit their accounts when provided in bylaws or agreed by the general assembly.</p> <p>There is no obligation to audit the accounts when the company meets two of the following requirements:</p> <ul style="list-style-type: none"> > The total assets do not exceed 2,850,000 EUR. > The net turnover does not exceed 5,700,000 EUR; or the average number of employees during the period does not exceed 50. <p>The annual accounts will be reviewed by external auditors in the cases provided for in the Law on Audit. This law subjects to audit all companies that meet certain conditions relating to their assets, income or number of employees, or which are in receipt of public aid.</p>	<p>Cooperatives and CIS must file their accounts with the Register of Cooperatives (and in some cases with the Commercial Register).</p> <p>If the cooperative receives aid from the public administration, it may be required to make its accounts public and issue reports on activities undertaken, budget, expenses, etc.</p> <p>Cooperatives are required to audit their accounts and the management report when provided in the bylaws or agreed by the general assembly. If the cooperative is not required to audit its accounts, 5% of the members may request the Registrar of Cooperatives to appoint an auditor to audit the accounts. The cost of the audit is paid by the cooperative.</p> <p>There is no obligation to audit the accounts when the cooperative meets two of the following requirements:</p> <ul style="list-style-type: none"> > The total assets do not exceed 2,850,000 EUR. > The net turnover does not exceed 5,700,000 EUR; or the average number of employees during the period does not exceed 50. 	<p>As a legal person subject to Corporation Tax, an association may be required to prepare accounts and file these with the Commercial Register. However, the law does not clearly specify this obligation or its scope.</p> <p>Public utility associations are clearly required by law to prepare annual accounts for submission to the general assembly for approval and to file them with the Register of Associations.</p> <p>The annual accounts will be reviewed by external auditors unless it meets two of the following requirements:</p> <ul style="list-style-type: none"> > The total assets do not exceed 2,850,000 EUR. > The net turnover does not exceed 5,700,000 EUR; or the average number of employees during the period does not exceed 50. <p>Public utility associations must also submit an annual report to the Register of Associations describing the activities undertaken and additional reports as may be required.</p>

Legal form	Social integration enterprise (EI)	Social initiative cooperative (CIS)	Special employment centre (CEE)
Employee involvement systems	Neither the managers nor workers in an SRL have voting rights, either directly or indirectly in any corporate body.	<p>If the cooperative is a worker cooperative, workers, as members, participate in decision making.</p> <p>If not a worker cooperative, the statutes can allow workers to acquire the status of members (work members) allowing them to participate in decision-making and benefit sharing.</p> <p>In addition, when the cooperative has more than 50 employees, non-member workers are entitled to have a representative on the board of directors.</p> <p>If workers are members of a cooperative, they may receive part of the distributable surplus.</p>	The law does not provide for employees to receive a proportion of the profits, unless the CEE is a cooperative.
Distribution of the proceeds of dissolution, liquidation, disinvestment (in particular provision of asset lock)	<p>The limited liability company is dissolved by the cessation of its activity for more than a year; for the realisation of its purpose or the impossibility of its realisation; inactivity of the corporate bodies; losses that reduce the assets to less than half of the share capital; by reduction of the capital below the legal minimum; where the non-voting shares exceed half of the share capital, or for other causes provided for in the bylaws.</p> <p>A meeting of creditors is the procedure that applies when a debtor, person or entity is insolvent.</p>	<p>The cooperative be can dissolved:</p> <ul style="list-style-type: none"> > a) By meeting the deadline for which was constituted. > b) By resolution of the general assembly adopted by a vote of a majority of 2/3 of the present members. > c) By cessation of social activity for 2 years. > d) By reducing the number of members or capital below the minimum requirement. > e) Realisation of the corporate purpose or the impossibility of realisation > f) in case of merger or split; or > g) For other causes provided for in the bylaws. 	An association will dissolve on the grounds provided for in the bylaws and, failing that, by agreement of the members expressed in a general assembly convened for the purpose. An association can also be dissolved by common causes provided for in the Civil Code: meeting the deadline; realisation of its purpose or the impossibility of its realisation; paralysis of the corporate bodies etc.

Legal form	Social integration enterprise (EI)	Social initiative cooperative (CIS)	Special employment centre (CEE)
<p>Distribution of the proceeds of dissolution, liquidation, disinvestment (in particular provision of asset lock)</p>	<p>The EIs Act does not provide for any rules regarding the distribution of surpluses on a winding up. Unless otherwise provided in the bylaws, the assets can be shared between all partners proportional to their share capital.</p>	<p>Once debts are satisfied, assets should be distributed as follows:</p> <ul style="list-style-type: none"> > a) The resources of the Fund for the Promotion of Cooperatives will be available to the Federation of Cooperatives. > b) Returned in accordance with members' capital contributions. > c) Members are given their share of the distributable reserve funds at the rate provided in the bylaws or approved by the general assembly; alternatively, distribution is made in proportion to their participation in cooperative activity over the previous 5 years. > d) The remaining assets are available to the cooperative or Federation of Cooperatives as specified in the bylaws or declared by the general assembly. Failing this, they assets will have the same destination as the resources of the Fund for the Promotion of Cooperatives (FPC). The cooperative recipient should incorporate that amount into the compulsory reserve and it will be unavailable for 15 years. 	<p>Once debts are satisfied, the liquidators apply the surplus assets for the purposes specified in the bylaws. The assets are not distributed among the members but provided to another NPO with a similar social purpose.</p>
<p>Conversion to another form of company</p>	<p>Structural Modifications Law of Corporations provides for the possibility of transforming a limited liability company into another corporation or a cooperative.</p>	<p>Cooperatives may become commercial or civil companies of any type without affecting their legal personality</p>	<p>Only the legislation on cooperatives provides for the possibility of transforming associations into cooperatives, if they meet the requirements of the legislation, and the members can assume the status of cooperators. However, such transformations are not covered in the legislation on associations or in legislation on structural modifications, and would make them difficult to implement.</p>

Endnotes

- 1 Data on CIS are provided in the Report on CIS delivered in 2010 by the Social Initiative Cooperatives Association (COCETA). Although the scope of the report is not very comprehensive, since there is no specific census of this type of cooperative, it includes as CIS all those cooperatives operating in the sectors linked to social services.
- 2 Data from the National Federation of Employment Integration Enterprises (FAEDEI, 2014).
- 3 According to CEPES, data refers to associations targeting people with disabilities and are provided by the Spanish Committee of Representatives of Persons with Disabilities (CERMI); the Spanish Solidarity Economy Network (REAS); and the Business Association for Disability (AEDIS).
- 4 The 2004-2006 data for social enterprises in the form of foundations is not available.
- 5 Data for 2015 is not available.

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