

# **Act on Social Economy and Social Enterprises: scope and perspectives**

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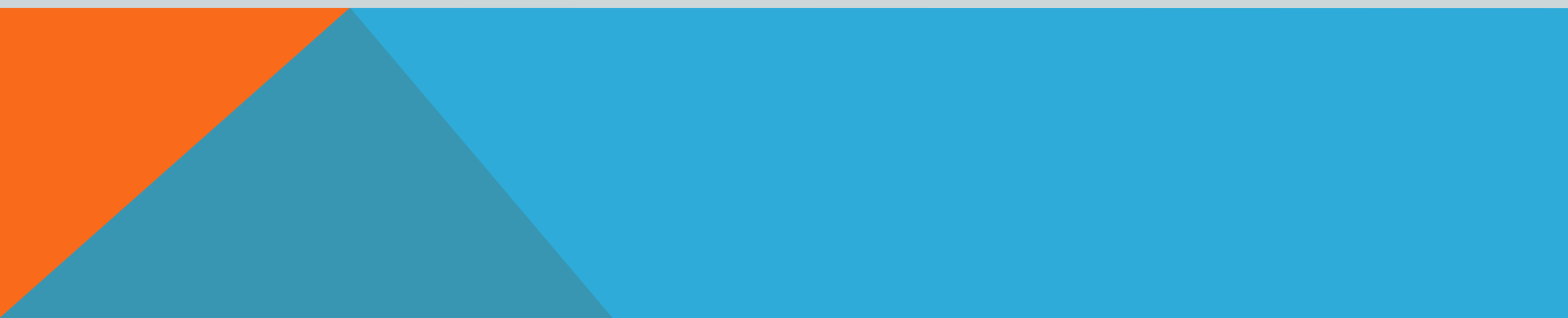
# What is the reason of Act on Social Economy and Social Enterprises?

- Call for systematic support – ecosystem of the social economy development

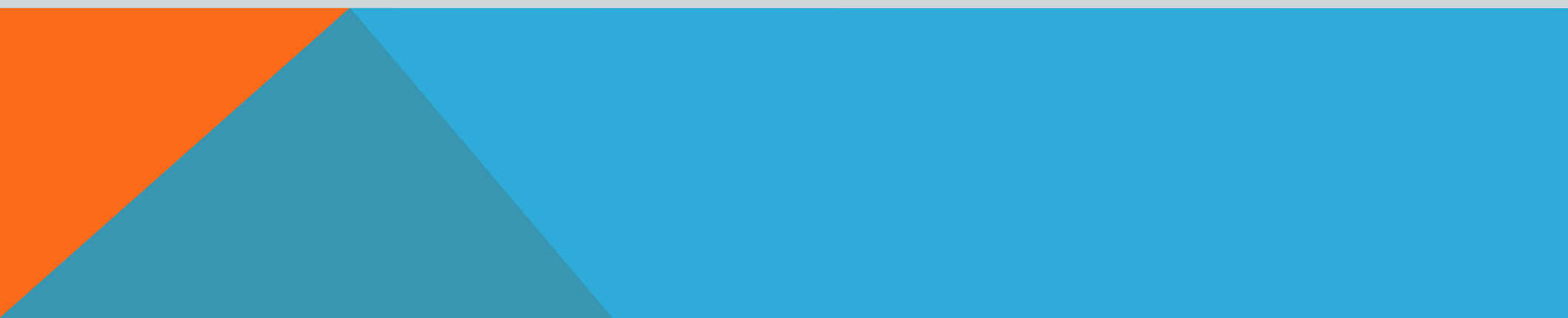
Three pillars:

- Legislative framework
- Consulting infrastructure
- Financial support

# Purpose of the Act

- To create stimulating business opportunities for social entrepreneurship in Slovak republic
  - To bring the unique system of definitions and regulations in social entrepreneurship
  - To eliminate the barriers of social economy growth
  - To create the support system
  - To bring the regulations to prevent abusing the status of social enterprise
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# Structure of the Act

- Definitions
  - Registration of social enterprise
  - Supporting system
  - Regulations against abusing
  - Government administrative
  - Sector organization
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# Social economy - definition

„**The social economy** is the sum of productive, distribution, or consumer activities carried out through an economic or non-economic activity independently of state authorities, the main objective of which is to achieve a positive social impact.“

# Social enterprise - definition

- It is the **enterprise** – to deliver goods or services to the market
- the main objective **is not the profit**, but to make a measurable positive social impact
- measurable positive social impact is granted by **producing goods/services** or the way such goods or services are **produced or provided**
- making a profit from its activity, uses the **most of this profit** for achieving the main objective
- **engages** the persons interested in the management of **its economic activity** – employees, consumers, local residents, etc.

# Socially beneficial service

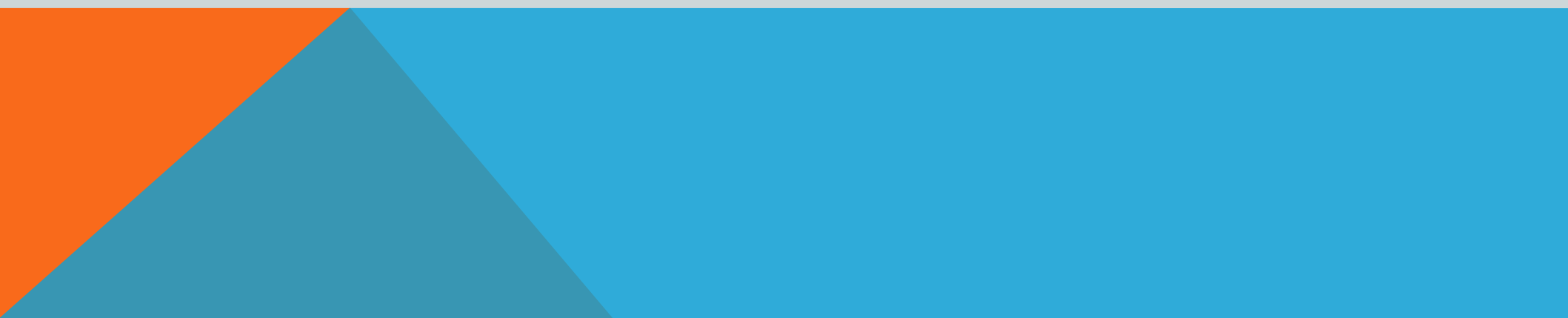
- A positive social impact is reached by one of the fulfilment of a socially beneficial service:
  - a) provision of health care;
  - b) provision of social assistance and humanitarian care;
  - c) creation, development, protection, restoration, and presentation of spiritual and cultural values;
  - d) protection of human rights and fundamental freedoms
  - e) learning, education, and development of physical culture;
  - f) research, development, scientific and technical services, and information services;
  - g) creation and protection of the environment and protection of the health of the population;
  - h) services to support regional development and employment;
  - i) housing, management, maintenance and renovation of the housing stock

# Types of Social Enterprises

## **In terms of social impact:**

- a public-benefit enterprise
- a community-benefit enterprise

## **In terms of orientation of the activity:**

- an integration enterprise;
  - a social housing enterprise; and
  - other registered social enterprise.
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# An integration enterprise

- is a public-benefit enterprise which makes its positive social impact by promoting regional development and **employment**
- is obliged to employ at least 30% of disadvantaged or vulnerable persons
- **Compensatory aid** granted for limited productivity (maximum of two years) – labor costs, additional costs
- **bonus aid** granted for placement on open labor market

# A social housing enterprise

- meets the conditions for making a positive social impact – provision of housing, management, maintenance, and renovation of the housing stock
- socially beneficial rental housing
- maximum of income: four times the amount of the subsistence minimum
- at least 70 % of the flats have to be provided to people with maximum of income (mentioned above)
- the rent corresponding to the costs of the flat
- housing built by public support – 30 years restriction of sale

# Other (general) Social Enterprise

- positive social impact promoted by any of socially beneficial service
- social services, culture, learning, ecology...
- ...yes, it may cover the employment or housing
- **but!** „other enterprise“, is not obliged to meet all the strict conditions of integration enterprise and social housing enterprise, and so there is no additional specific support for this type of enterprise

# Forms and purpose of support

## **Direct:**

- an investment aid
- a compensatory aid
- (compensation aid)

## **Indirect:**

- an aid to support demand
- public procurement
- tax measures
- transfer of municipality real estate

# Direct forms of aid

- An investment and compensational aid are provided in different ways by:
  - a repayable: loan, trust, assets
  - a half repayable: conditional grant
  - a non-repayable: european fund contribution, allocation

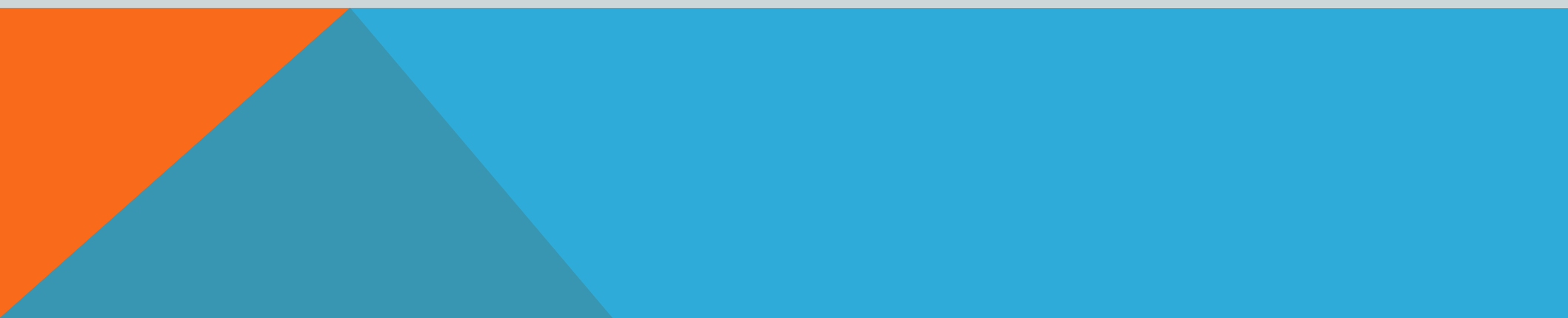
# Indirect forms of aid

- Aid to Support Demand:
  - service vouchers
- Public procurement
  - applying of social aspects
  - Reserved Contracts
- Tax measures
  - applying tax relief at reinvesting profit
  - the reduced tax rate

# Supporting infrastructure

- the obligation of the Ministry of Labor to provide free advice
- National project - Institut for social economy
- Regional centres of social economy

# Anti-abuse measures

- salary ceiling
  - publishing of final owners
  - limited business with related companies
  - interest ceiling
  - limited property transfer
  - prohibition of duplicate support
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# Information to registration application

- The Ministry website:
- Information for Granting the Status of a Registered Social Enterprise
- Application of Granting the Status of a Registered Social Enterprise
- Register of Social Enterprises
- Link to legislation

<https://www.employment.gov.sk/sk/praca-zamestnanost/socialna-ekonomika/>

Thank you

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