



European
Commission

SOCIAL ENTERPRISES
AND THEIR ECOSYSTEMS
IN EUROPE

Country report

BELGIUM

Marthe Nyssens

Benjamin Huybrechts

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 Belgium 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.

This publication is an outcome of an assignment financed entirely by the European Union Programme for Employment and Social Innovation "EaSI" (2014-2020). For further information please consult: <http://ec.europa.eu/social/easi>

Manuscript completed in February 2020

1st edition

Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use that might be made of the following information.

Luxembourg: Publications Office of the European Union, 2020

© European Union, 2020

Reuse is authorised provided the source is acknowledged.

The reuse policy of European Commission documents is regulated by Decision 2011/833/EU (OJ L 330, 14.12.2011, p. 39).

For any use or reproduction of photos or other material that is not under the EU copyright, permission must be sought directly from the copyright holders.

Catalogue number KE-02-20-039-EN-N

ISBN 978-92-76-10213-7 | DOI 10.2767/663183

You can download our publications or subscribe for free at:

<http://ec.europa.eu/social/publications>

If you would like to receive regular updates about the Directorate-General for Employment, Social Affairs and Inclusion sign up to receive the free Social Europe e-newsletter at: <http://ec.europa.eu/social/e-newsletter>

FB account: <https://www.facebook.com/socialeurope/>

Twitter account: [@EU_Social](https://twitter.com/EU_Social)

Europa page on Social entrepreneurship: <https://europa.eu!/mq33GV>



SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN EUROPE

Country report
BELGIUM

Marthe Nyssens
Benjamin Huybrechts

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.

The first update was done in 2016 by Benjamin Huybrechts (University of Liege) while the current 2019 update was completed by Marthe Nyssens (University of Louvain). 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.

Recommended citation:

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

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	✓	-	✓

TABLE OF CONTENTS

List of acronyms	8
List of illustrations and tables	10
Executive summary	11
1. BACKGROUND: SOCIAL ENTERPRISE ROOTS AND DRIVERS	15
1.1. The associative tradition	16
1.2. The cooperative tradition	18
1.3. The tradition of mutuals	20
1.4. The (new) social economy	21
1.5. The inputs of public policies	22
1.6. Philanthropy and social investment	23
1.7. A more business-oriented approach	23
2. CONCEPT, LEGAL EVOLUTION AND FISCAL FRAMEWORK	25
2.1. Defining social enterprise borders	26
2.1.1. The EU operational definition of social enterprise	26
2.1.2. Application of the EU operational definition of social enterprise in Belgium	26
2.2. Legal evolution	41
2.3. Fiscal framework	44
3. MAPPING	47
3.1. Measuring social enterprises	48
3.1.1. Bottom-up approaches	48
3.1.2. Inclusive approaches	49
3.2. Social enterprise characteristics	50
4. ECOSYSTEM	55
4.1. Key actors	56

4.2. Policy schemes and support measures for social enterprises	58
4.2.1. Support measures addressed to all enterprises that fulfil specific criteria	58
4.2.2. Support measures addressed to non-profit organisations	59
4.2.3. Support measures specifically addressed to social enterprises	60
4.3. Public procurement framework	68
4.4. Networks	69
4.4.1. Networks focused on a specific organisational form	69
4.4.2. Networks focused on a specific field of activity	69
4.4.3. Networks focused on field and form combination	69
4.4.4. Networks transversal to field and form	69
4.5. Research, education and skills development	71
4.5.1. Training and education	71
4.5.2. Research institutions and observatories	73
4.5.3. Advice, consultancy and skills development	74
4.5.4. Incubators	75
4.5.5. Knowledge exchange and facilitation	75
4.5.6. Prizes and awards	76
4.5.7. Connectors with the business world	77
4.6. Financing	77
4.6.1. Demand for finance	77
4.6.2. Supply of finance	78
4.6.3. Market gaps and deficiencies	82
5. PERSPECTIVES	83
<hr/>	
5.1. Overview of social enterprise debate in Belgium	84
5.2. Constraining factors and opportunities	85
5.3. Trends and future challenges	87
6. APPENDICES	90
<hr/>	
Appendix 1. The EU operational definition of social enterprise	91

List of acronyms

- > **AKSÖ** *Arbeitskreis Sozialökonomie*
- > **ASBL** *Association sans but lucratif*
- > **BCSPO** *Brusselse Confederatie van Social Profit Ondernemingen*
- > **BRUXEO** *Confédération des entreprises à profit social bruxelloises*
- > **CBENM** *Confédération bruxelloise des entreprises non marchandes*
- > **CISP** *Centre d'insertion socio-professionnelle*
- > **ConcertES** *Concertation des organisations représentatives de l'économie sociale*
- > **CSPO** *Confederatie van Social Profit Ondernemingen*
- > **CSR** *Corporate social responsibility*
- > **CWES** *Conseil wallon de l'économie sociale*
- > **EFT** *Entreprise de formation par le travail*
- > **EI** *Entreprise d'insertion*
- > **EMES** *EMES International Research Network*
- > **ESELA** *European Social Enterprise Law Association*
- > **ESF** *European Social Fund*
- > **ETA** *Entreprise de travail adapté*
- > **FEBECOOP** *Fédération belge des cooperatives*
- > **FeBISP** *Fédération bruxelloise des organismes d'insertion socioprofessionnelle et d'économie sociale d'insertion*
- > **FTE** *Full-time equivalent*
- > **ICA** *International Co-operative Alliance*
- > **ICSEM** *International Comparative Social Enterprise Models*
- > **IDESS** *Initiatives de développement de l'emploi dans le secteur des services e proximité à finalité sociale*
- > **ILDE** *Initiative local de développement de l'emploi*
- > **KUL** *Katholieke Universiteit Leuven*
- > **LDE** *Lokale diensteneconomie*
- > **NCC** *National Council for Cooperation*
- > **NGO** *Non-governmental organisation*

- > **PWD** Person with disabilities
- > **RDS** Respondent-driven sampling method
- > **SAW-B** *Solidarité des alternatives wallonnes et bruxelloises*
- > **SBI** Social Business Initiative
- > **SIFO** Social Investment Fund (*Sociaal Investeringsfonds*)
- > **SINE** Social integration economy (*Sociale inschakelingseconomie*)
- > **SME** Small and medium-sized enterprise
- > **UFENM** *Union francophone des Entreprises Non Marchandes*
- > **ULB** *Université Libre de Bruxelles*
- > **ULg** University of Liège
- > **UNIPSO** *Union des entreprises à profit social*
- > **UNISOC** *Unie van social profit organisaties*
- > **VERSO** *Vlaamse Confederatie van Social Profit Ondernemingen*
- > **VOSEC** Flemish coordination for the social economy (*Vlaams overleg sociale economie*)
- > **VZW** *Vereniging zonder winstoogmerk*
- > **WISE** Work integration social enterprise

List of illustrations and tables

- > **Illustration 1.** Personal services (prepared by Marthe Nyssens and Florence Degavre, UCL)
- > **Illustration 2.** Organic food and short food supply chains (prepared by Thomas Pongo, UCL)
- > **Illustration 3.** Social finance (prepared by Anaïs Périlleux, UCL)
- > **Illustration 4.** Fair trade (prepared by Benjamin Huybrechts, ULg)
- > **Illustration 5.** Renewable energy cooperatives (prepared by Thomas Bauwens, ULg)

- > **Table 1.** Overview of the four ideal-typical social enterprise models in Belgium
- > **Table 2.** Conditions for a cooperative to be accredited as a social enterprise
- > **Table 3.** Fiscal treatment of social enterprises in Belgium
- > **Table 4.** Estimated number of social enterprises in Belgium (2017)
- > **Table 5.** Growth rates of social enterprises and workers

Executive summary

Background

Belgium's social enterprise sector is influenced by seven main traditional and emerging roots and drivers. Associations, cooperatives and mutuals are three traditions that are often collectively highlighted as the social economy's broad backbone. The (new) social economy is described as an emerging factor within the context of more established social economy. Three key structures meanwhile support the sector: funding through public authority policies; donations and social investment from philanthropic actors; and input from a more business-oriented approach. The nature and role of these roots and drivers are presented in a relatively chronological order of salience.

Each root and driver is described within its historical framework and current situation. Associations, stimulated in the 19th century and formally recognised in the 20th, are considered a pillar of Belgian society. Their importance is outlined in relation to the Belgian Vereniging zonder winstoogmerk/Association sans but lucratif (VZW/ASBL) model's highly flexible scope of activities and income sources, the welfare state's development and organisations recently becoming more entrepreneurial. Cooperatives were legally recognised in the 19th century but not given prescribed rules and practices until a 2019 law reform. Mutuals similarly emerged in the 19th century but were specifically institutionalised within Belgium's healthcare system between WWI and WWII. Although commonly seen as parastatal organisations, they are also considered private, entrepreneurial solutions to pressing societal needs. The (new) social economy dates back to the 1980s and is predominantly upheld by associations and cooperatives. Public policies promoting social enterprise have also been instrumental. Public authorities at federal and regional levels have become particularly interested in social enterprise as a tool to fulfil their goals. Foundations and other philanthropic actors have played a critical role in providing other recent financial support. And, lastly, a more market-oriented trend has developed in Belgium, which translates into notions of social entrepreneurship and social entrepreneurs rather than social enterprise.

Concept, legal evolution and fiscal framework

The concept of social enterprise has not yet been clearly defined in Belgium. The sector's borders are still being determined. Focus is likely to either concentrate on particular emblematic organisational forms and sectors of activity or a broad view through a set of distinctive criteria. These two approaches are dependent on their actors: politicians and public authorities view social enterprise according to their specific policies and competence categorisations; practitioners tend to focus on self-identified social enterprises; and university scholars build conceptually consistent definitions that do

12 | Executive summary

not necessarily echo the views of practitioners and politicians. Regional differences also exist but tend to be overestimated.

This report focuses on five interest-based social enterprise categories: (i) general interest pursued in an entrepreneurial way, typical of associations, foundations and some cooperatives with a social purpose; (ii) combined mutual and general interest, typical of cooperatives and mutuals; (iii) private interest combined with general interest, as increasingly observed in companies with a legally or otherwise defined social purpose; and (iv) public social enterprises.

No specific legislation fully embraces the scope of social enterprise in Belgium. Instead, a set of laws, regional decrees and public provisions related to specific legal forms, sectors of activity and social mission types exist. Many policies and legal provisions potentially apply to social enterprises in various sectors. The main structures, policies and trends at federal and regional levels are given as examples.

Most Belgian social enterprises operate as associations. Less numerous but also important are the country's foundations, mutuals, cooperatives and social purpose companies. The latter two categories were often used in combination with one another until Belgium's 2019 reform.

Belgium's social enterprise fiscal framework differs between associations, foundations and companies (including cooperatives). Any tax benefits and social security deductions are determined by legal form. This report identifies specific measures for WISEs. It also outlines the Maribel Social measure managed at a federal level, which promotes the creation of employment in the non-profit sector.

Mapping

The different definitions of Belgian social enterprises and degrees of connection with the broader social economy have important implications when estimating the weight and number of social enterprises. Precise figures are not available due to social enterprise's blurred boundaries, different models and the lack of an overall legal or statutory framework.

However, several calculations have been made using two approaches: (i) a "bottom-up" approach that sums up the known figures for some of the most easily definable social enterprise types; and (ii) an "inclusive" approach, which aggregates populations of organisational forms, including a certain share that could be considered social enterprises according to the EU operational definition. Whereas bottom-up calculations probably underestimate the number of social enterprises, because they only focus on those types that can be easily identified, inclusive calculations probably overestimate the number of organisations.

Studies conducted by two key social enterprise mapping organisations have been referenced: I-Propeller and I-Propeller/Oksigen (2013 and 2014); and *Observatoire de l'économie sociale*, between 2010 and 2017. A further study by the *Académie des entrepreneurs sociaux* is also referenced.

Ecosystem

Public authorities are key actors in Belgium's social enterprise sector. Although a few competences remain at a federal level, the bulk of social enterprise related tasks falls under regional jurisdiction. The vision of social enterprise and the social economy at a political level is different from that of academic circles and practitioners: the former is more focused and related to specific public policies for employment, innovation and the economy. In 2000 and 2005, the federal state and regions/communities signed agreements to ensure the consistency of public policies: the first was based on the social economy, the second on the "plural economy", including social enterprise and corporate social responsibility.

A large array of policies exists that cater for all organisations, including but not restricted to social enterprises. Support measures that address non-profit organisations, ostensibly associations and mutuals, are governed by regulations specific to their field of activity (e.g., health, education and culture) rather than to their organisational type. Support measures specific to social enterprises largely address WISEs.

Public procurement is another area of public support available to social enterprises. A federal decision from 2014 specifies the different schemes and avenues through which this can be practically achieved.

Networks and federations have been developed that represent specific types of social enterprises, improve their support and recognition, provide services and foster mutual exchanges. They are organised around specific legal forms, fields of activity, a combination of field and form or a transversal multi-form and multi-sector approach.

Education and training exist in three sectors: (i) universities and higher education; (ii) networks and support structures; and (iii) secondary schools. A social enterprise incubator has yet to be established in Belgium. However, several prizes and awards have been created to highlight successful or inspiring social enterprises.

As the financial needs of social enterprises are not fundamentally different from SMEs, classical financial instruments are sometimes relevant and sufficient. However, in other cases, more tailored instruments are needed. Several public and private financing schemes have recently been developed, which together form a rich supply, including grants, public social investment, private social investment, investment from banks and a social impact bond.

Perspectives

This section presents the key debates, drivers, obstacles, trends and challenges to the development and diffusion of Belgian social enterprise.

An implicit yet important debate regards the different concepts and visions of social enterprise. For example, the emergence of recent, market-based approaches has not been welcomed by established social economy networks. Concerns include: the recent bias towards appealing communication; the idea that social entrepreneurs can solve all social ills; actors focused on market-based discourses, tools and resources; individual “heroic” entrepreneurs instead of collective action; overtly broad definitions; and privatisation dynamics that overwhelm public action.

In contrast, more recent social entrepreneurship networks are concerned that established actors: present restrictive definitions; are too dependent on public support; are too focused on particular social aims; are too rigid for generating innovative solutions; and are too reluctant to legitimise and enter into dialogue with new approaches.

Beyond this mutual suspicion, however, exchanges and collaborations have recently increased and led to some recognition of common ground and possible synergies included in this report.

Several factors can be identified that favour social enterprise. For example, it appears to suit new actors with a more market-oriented approach. In addition, some social economy networks and actors have embraced social enterprise to counteract a perceived legitimacy deficit.

Despite these drivers, several obstacles hinder the concept. Different types of organisations aligned with the sector do not necessarily identify themselves as such. Rather, they tend to refer to the field of activity in which they are involved. Moreover, the structuration of political action emphasises this distinction and divides the sector between the “economic” and the “social”. Such practice and political segmentation is also reinforced by the media and public opinion.

Numerous trends and challenges face Belgian social enterprises. This report focuses on four main aspects: diversification, market recognition, social impact, and communication and visibility.




BELGIUM

1

BACKGROUND: SOCIAL ENTERPRISE ROOTS AND DRIVERS

In the first section, a number of roots and drivers are described that have paved the way for the current understanding and landscape of social enterprise in Belgium. These roots include the associative tradition, the cooperative movement, the tradition of mutuels, the (new) social economy and the more recent business-oriented approach. The role of public policies and philanthropic actors is also discussed.



18 | Background: social enterprise roots and drivers

The social enterprise phenomenon in Belgium has been fed by various traditions: the associative, cooperative and mutual traditions, often highlighted as the backbone of the "social economy" (in the broad sense); the support by public authorities in the context of specific public policies; the support of philanthropic actors through donations and "social investment"; and the inputs of a more business-oriented approach. These different roots have led to specific social enterprise models but have also enriched each other—the notion of social enterprise is thus best understood as the combined outcome of a plurality of roots within and at the boundaries of the broader "social economy". The nature and role of these six roots and drivers in Belgium will be presented following more or less the chronological order of their salience.

1.1. The associative tradition

A first historical tradition that has contributed to feed the practices and conceptualisations of social enterprise is the associative tradition. The associative sector in Belgium has been very dynamic historically, and it has become a major pillar of the Belgian society.

Stimulated in the 19th century by the recognition of the freedom of association, the associative form was formally recognized in the early 20th century. The law of 27th June 1921 regulates the associative form (in Dutch, *vereniging zonder winstoogmerk* – VZW; in French, *association sans but lucratif* – ASBL) in the civil code, stating that it is a private grouping of people that does not aim to provide personal gains to its members. This law has been substantially amended in 2019.¹ The law of associations is now incorporated into the code of companies. Contrary to what was permitted before, associations can—like companies—develop economic activities of industrial or commercial nature, even as their main activity.

A first reason for the development of the associative sector in Belgium is the high flexibility of the VZW/ASBL form in terms of activities and income sources. Indeed, the VZW/ASBL form allows for the development of commercial activities, provided that these activities are subordinated to the organisation's social mission. Belgian associations thus face very little constraints in terms of developing market-oriented activities and making surplus—indeed, the only real constraint is that surplus must be reinvested into the organisation rather than distributed to their members. This explains why, as will be examined in the field-level analyses, market-oriented activities that, in other countries, would typically be undertaken by cooperatives (e.g., work integration or fair trade) can be conducted under the associative form in Belgium. This does not mean that the commercial activities can be developed in an unrestricted way, notably

(1) The Companies and Associations Code of 23 March 2019.

because of the vigilance of the fiscal administration. This is one reason that led to the creation of the "social purpose company" framework (see section 2), which however did not register the expected impact.

A second reason that explains the central role of associations is their major role in the development of the welfare state. Indeed, in the context of the Bismarckian/corporatist tradition embodied by Belgium (Esping-Andersen, 1999), non-profit organisations are mainly financed and regulated by public bodies and play an important role in the provision of social services (Salamon *et al.* 2003).

From 2004 onward, specific statistics on associations have been constructed under the supervision of the Belgian National Bank (through a satellite account). In 2017, the number of active associations in Belgium was of 109,000, of which however only 17,000 had employed staff. The employment in these associations exceeded 350,000 full-time equivalents, representing nearly 12% of all employment (*Observatoire de l'économie sociale*, 2019). There are, however, boundary cases of organisations and fields that are located close to the public sector, such as associative hospitals and schools that are highly regulated by the State in their practices. Nevertheless, even when excluding these schools and hospitals set up as associations, the non-profit world still constitutes an important sector. Besides education, other major fields of activity for associations are health (hospitals and other institutions), personal services, culture and sports.

In Belgium, there has been a trend among associations to become more entrepreneurial. Although public subsidies still constitute an important part of the funding of these organisations (which amounts almost to 50%), the proportion of public subsidies has slightly decreased over the past 20 years (Satellite account of associations, Belgian National Bank). Besides this decrease that has probably been less severe than in other countries, it is worth mentioning that the logics underpinning these subsidies have been evolving over the last decades. It seems that what is challenged is not the level of social expenditures but rather the instruments through which the government has supported associations: public money is increasingly taking the form of contracts and third-party payments instead of grants. Competition and entrepreneurial practices and discourses are, nowadays, part of the everyday life of associations, as confirmed by the last Barometer of Associations published by the Fondation Roi Baudouin/Koning Boudewijn Stichting (Barometer of Associations 2018). The entrepreneurial behaviour is also a matter of legitimating one's activities as worthy of attention, including in economic terms (Dart 2004).

Illustrative of this trend is the "rebranding" of the major employers' associations in the non-profit sector, from "non-profit" or "non-market" (*non-marchand*) into "social profit" organisations. This term had already been adopted as soon as 1997 by the Flemish union of non-profit employers (*Vlaamse Confederatie van Social Profit Ondernemingen*

20 | Background: social enterprise roots and drivers

– VCSPO, changed in 2007 to VERSO), the Brussels region (*Brusselse Confederatie van Social Profit Ondernemingen* – BCSPPO) and at the federal level (*Confederatie van Social Profit Ondernemingen* – CSPO). The shift was later also operated in the French-speaking parts and terms, despite the historical use of the "non-marchand" term. As a result, the Union francophone des Entreprises Non Marchandes (UFENM) changed its name into Union des entreprises à profit social (UNIPSO) in 2008 and the federal union CENM-CSPO (*Confédération des Entreprises Non Marchandes/Confederatie van Social-Profit Ondernemingen*) harmonized its denominations into UNISOC, using the term "social profit enterprise" in both French and Dutch. The term "*non marchand*" has been changed in 2018 in the French-speaking denomination of the employers' union in Brussels (*Confédération des entreprises à profit social bruxelloises* – BRUXEO).

Although "*non marchand*" still remains widely used in the French-speaking media and in the public debates, the shift in terms reflect a growing willingness of associations to signal their economic weight and their legitimacy as "enterprises". The memoranda published by the networks listed above clearly indicate the willingness of these organisations to be recognized not only as socially innovative but also as economically meaningful. This is, of course, important to understand the claims of non-profit organisations to be taken into account when considering the notion and ecosystem of social enterprise.

Parallel with the evolution of the names and visions of the established employers' associations, new networks emerged specifically supporting social innovation and entrepreneurship within non-profit organisations. For example, actors such as the Fondation Roi Baudouin/Koning Boudewijn Stichting, Guberna, Ashoka and the Sociale InnovatieFabriek have worked with several non-profit organisations to reinforce their professionalism and entrepreneurial orientation, and have more broadly participated in the recognition of the non-profit (or social profit) domain as a genuine economic sector contributing to employment and economic development.

1.2. The cooperative tradition

A second tradition that has fed the emergence of social enterprise in Belgium is the cooperative movement. As in many other countries, cooperatives in Belgium emerged around the middle of the 19th century. The cooperative legal form was officially recognized in 1873 but unlike in other countries, the compliance with the rules and practices prescribed by the International Co-operative Alliance (ICA) were not embedded in the law until the recent reform of 2019. Before this moment, the law only proposed a very basic definition of the cooperative as a company with flexible capital and membership. The compliance with the genuine cooperative rules and values was thus considered optional. For cooperatives willing to follow these principles, a recognition

process was organized, led by the Ministry of Economy, and embodied by the National Council for Cooperation (NCC, created in 1955). As a result, while the cooperative form has been adopted by a large number of organisations (approximately 25,000), only a few hundreds of them are "real" cooperatives as understood internationally. Amongst these cooperatives, most have the NCC recognition (more or less 200), or/and have adopted the status of social purpose company (more or less 300) until this was possible; nevertheless, certain cooperatives without recognition may still be following the principles. The ambiguity around the cooperative legal form has not helped to build a strong identity and recognition for cooperatives in Belgium (Defourny *et al.* 2002, Van Opstal *et al.* 2008).

The Companies and Associations Code adopted in 2019 brings more clarity. The "transactional relationship" between the members and the cooperative is now part of the identity of this legal form: meeting the needs of members is the ultimate goal of a cooperative. Pre-existing cooperatives that do not want to adopt such type of identity can choose to transform themselves into limited responsibility companies. However, this new cooperative law does not refer to the other principles of the International Co-operative Alliance (regarding the distribution of profit or voting rights). Therefore, the cooperative legal form remains still very flexible. For cooperatives willing to follow these principles, a recognition process is still relevant by the National Council for Cooperation.

The bulk of "true" cooperatives appeared at the end of the 19th and the beginning of the 20th century in a few key sectors: agriculture, pharmacy, retail shops as well as banking and insurance. Cooperatives organized themselves in networks that were not structured on an industry basis (except for agriculture), rather on an ideological basis corresponding to the major "pillars" in Belgian society: Socialist, Christian and, to a lesser extent, Liberal. Cooperatives suffered from economic crises and from competition with conventional enterprises in most of their fields of activity. As a consequence, a large number of important cooperatives disappeared (typically in the retail sector) or were bought over by large businesses, such as in the banking and insurance sector. Cooperatives were more resilient in certain sectors, though—typically, agriculture and pharmacy—, in which they play an important role still today (Dujardin and Mertens 2008, Van Opstal *et al.* 2008).

In parallel, new cooperatives also appeared in—and existing cooperatives diversified their activities towards—new (sub-)fields of activity, focused on ethics and social or environmental innovation and often more clearly oriented towards the general interest. This happened in two waves. First, in the 1970s and 1980s, new cooperatives emerged to tackle the social challenges of the time, typically creating jobs and taking over enterprises experiencing difficulties through workers' cooperatives, or striving for more ethical trading and finance practices, in a context of social exclusion and unemployment, both in the North and in the South. A second, more recent wave of cooperatives

22 | Background: social enterprise roots and drivers

embraced the challenges of sustainable development for example in sectors such as recycling, energy production and energy savings (insulation of buildings, etc.), organic farming, short food supply chains, etc. The cooperatives emerged in these two waves, or the existing cooperatives evolving towards explicitly tackling societal challenges (Gijssels *et al.* 2011), experimented with new ways of pursuing a general interest orientation (Huybrechts and Mertens 2014). They also had a more flexible approach in terms of joining or forming cooperative networks: some of them flourished in the context of "pillarized" networks as those described above, others connected to "social economy" networks, and others still partnered with other initiatives (cooperatives or other organisational types) to form field-specific alliances. New cooperatives do not only explicitly tackle societal challenges; they are also characterized by novel governance arrangements, involving multiple stakeholders and experimenting with new ways of implementing democracy and participation (Mertens *et al.* 2008, Huybrechts *et al.* 2014). In such sense, cooperatives—in the normative rather than in the legal sense of the term—are a second driver of the development of social enterprise in Belgium.

1.3. The tradition of mutuals

A third tradition that shares some similarities with both the associative and cooperative traditions is mutualism. Mutual aid societies (mutuals) in Belgium have become institutionalized and central in the healthcare system at such a point that people may tend to consider them as parastatal organisations that have not much in common with the current discussions on social innovation and social enterprise. However, when looking more closely at the emergence and specific features of mutuals in Belgium, they appear as private, entrepreneurial solutions to pressing societal needs.

Mutuals emerged in the 19th century when workers mutualized financial means to support each other in instances of illness or work incapacity. A law dating from 1851 recognizes these "mutual insurance societies", which initially organized at a local level (company, or sector in a given region). To increase their insurance coverage and mutual support possibilities, local mutuals start joining into federations that are organized per sectors of activity as well as, increasingly, per ideological branches (Socialist, Christian, Liberal). In 1894, a new law organizes public funding for mutuals and in the early 20th century, mutual join together into a set of national, ideologically-based, cross-sector alliances (Socialist, Christian, Liberal, "Free" and Neutral).

In between the two World Wars and especially after the Second World War, mutuals are increasingly supported in the context of the new social security system. A law from 1944 makes the illness and invalidity insurance compulsory and delegates the organisation of this insurance scheme to the mutuals. All Belgians are thus obliged to be

member of a mutual or, in few cases, to join the public scheme offering insurance at the same conditions. The law is revised in 1963 to regulate the tariffs of health providers and ensure that a basic health insurance can be provided to all the population. Later, mutuals provide additional insurance schemes, typically to cover hospitalisation costs.

Nowadays, given the pressure on the social security and the European regulation putting the mutuals in competition with private insurance companies, mutuals have revitalized their entrepreneurial spirit to develop innovative solutions to social needs with regard to health in the broad sense—including prevention and education. Although mutuals are highly regulated by the State, their economic activities to serve the interest of their members and, more broadly, the general interest, as well as their democratic governance, justifies to put them on the social enterprise map—albeit within the specific health sector and in a very institutionalized setting.

1.4. The (new) social economy

As already mentioned, a variety of social enterprise initiatives have their roots in the social economy and particularly in the "new social economy" trend, which dates back to the 1980s. Unlike the previous three traditions, which are focused on a specific organisational form (non-profit association, cooperative and mutuals), the focus here was more on the values and practices that were common to several types of organisations (mainly associations and cooperatives) and that enabled them to orient their economic activity towards the pursuit of a social mission (Defourny *et al.* 2000). The principles of the social economy were formalized and diffused in the late 1980s as a reflection of the renewed dynamics of associations and cooperatives in fields with a strong general interest dimension, such as integration of low-skilled workers and proximity services. In these fields, numerous initiatives emerged that no longer claimed an affiliation to the non-profit or cooperative spheres in the first place, but rather to a new movement associated with the (new) social economy. These social enterprises were federated and promoted by newly created structures such as *Solidarité des alternatives wallonnes et bruxelloises* (SAW-B) in Wallonia and the former *Vlaams overleg sociale economie* (VOSEC) in Flanders (which does not exist anymore).

1.5. The inputs of public policies

The actors and networks promoting social enterprise were also instrumental in advocating for and experimenting with public policies in their areas of action. Moreover, public authorities at the federal and regional level became increasingly interested in social enterprise as a tool to fulfil their goals. The most striking illustration of this interest is obviously the integration of different types of low-skilled workers: long-term unemployed, people with disabilities and other target groups. Providing financial support to social enterprises targeting disadvantaged people, by providing training, coaching and jobs, was an interesting and relatively low-cost way for governments to include in their programs against unemployment. The different types of support will be illustrated more in depth in section 4.2.

Most public policies have been targeted on specific sectors of activity (e.g., recycling, health, etc.) or social missions (e.g., work integration, "proximity services", etc.). Even if currently the regions and communities have inherited most of the competences with regard to social enterprise, much work to structure and support the sector has been achieved in the 1980s and 1990s at the federal level. In particular, measures to recognize and support WISEs (work integration social enterprises), for example "social integration economy" (*Sociale inschakelingseconomie* – SINE) and the "service vouchers system" (see section 4.2. on public policies), have been developed at the federal level through collaborations between the government, practitioners' networks, and supporting stakeholders such as the Fondation Roi Baudouin/Koning Boudewijn Stichting. Under the impulse of federal cooperation agreements involving the different regions, these measures have been translated and adapted to each region's specific priorities and specificities to the extent that regions have inherited more competences applicable to the social enterprise domain (economy, work, innovation, social affairs, etc.).

Over time, public action has also sought to enrich the organisational landscape beyond work integration and precise social missions to accommodate new organisational forms or support existing ones in relation to social enterprise. For example, in Flanders, the department "Work and Social Economy" has continued supporting classical WISEs, but has also favoured the emergence of new social enterprises and cooperatives as a way of enhancing sustainable and ethical business. In Wallonia, over the recent years, a special emphasis on cooperatives has been laid within the Ministry of Economy, whatever their sector of activity, as will be described in the fourth section.

At the federal level, a major evolution was the introduction of the "social purpose company" legal framework in 1995 (see section 2). This framework was not a new legal form as such but rather a status that could be added to existing organisations. However, the Law on Companies and Associations adopted in 2019 repeals this status. Now, only cooperatives can get an accreditation of "social enterprise".

1.6. Philanthropy and social investment

More recently, the development and visibility of social enterprise has also been boosted by the support of foundations and philanthropic actors. Philanthropic funds and foundations, both private and public (such as the King Baudouin Foundation, the Inbev-Baillet Latour fund, Cera, BNP Paribas Foundation, Philipson Foundation, Fondation pour les Générations Futures, etc.) have been instrumental in further developing the sector, for example through grants for early-stage social entrepreneurs, support for established social enterprises, funding of research and master theses on the topic, actions to increase public visibility, etc.

The support of foundations to social enterprises can be located within a broader trend to move away from "traditional" philanthropy relying on grants towards "social investment" schemes that expect payback and interests. This type of "new philanthropy" is less altruistic and tends to favour social enterprises that are more commercially robust. Although this evolution has been criticized for favouring high returns on investment at the expense of social commitment and societal change orientation, it is an important trend in Belgium, as shown for example in the success of social investment schemes such as Kois Invest and the SI2 fund supported by the Oksigen Ecosystem. Public authorities have started to display an interest in supporting social investment schemes, notably through the experimentation of "Social Impact Bonds".

1.7. A more business-oriented approach

In line with the emergence of social investment, a more market-oriented trend has developed that echoes international trends and translates into the notions of social entrepreneurship and social entrepreneurs rather than social enterprise.² These notions have been introduced by international networks and organisations such as Ashoka and Schwab. Specific Belgian support structures such as Oksigen Lab, Poseco and the Sociale InnovatieFabriek have also been created to promote the concepts of social innovation and social entrepreneurship in the public debate, and more particularly among various actors such as universities and business schools, think tanks, foundations, leaders from the business and social sectors, and the media. However, these approaches have not

(2) Differently from social enterprise—conceived of as a new entrepreneurial form—social entrepreneurship is meant to designate more general entrepreneurial dynamics oriented to social innovation and social impact. Although the differentiation of the two notions is a debated issue, it can be said that, compared with the EU operational definition of social enterprise, social entrepreneurship initiatives do not formally prioritize the pursuit of explicit social aims and they do not necessarily involve participatory and democratic governance.


26 | Background: social enterprise roots and drivers

led to new certification schemes or legal evolutions. The focus has mainly been on supporting new social entrepreneurs and innovative social entrepreneurship initiatives dealing with underserved social needs. Although connections exist with the broader corporate social responsibility (CSR) approach, supporters of social entrepreneurship have emphasized the distinctiveness of social entrepreneurship in terms of prioritizing social impact over financial returns.

2

CONCEPT, LEGAL EVOLUTION AND FISCAL FRAMEWORK

In the second section, the legal evolution of social enterprise is sketched out and four main ideal-types are identified based on their underlying dynamics: (i) associative entrepreneurial approach to the general interest (typically embodied by associations and foundations); (ii) public entrepreneurial approach to the general interest; (iii) combining mutual and general interest (typically embodied by cooperatives and mutuals); and (iv) businesses combining private and general interest.



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.

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 2014, 2016) and refined them again for the purpose of the current phase of the study (see appendix 1 for further details).

2.1.2. Application of the EU operational definition of social enterprise in Belgium

There is no consensus in Belgium as to what is a social enterprise and, more precisely, where the borders should be placed around this notion. Either the focus will be laid on particular emblematic organisational forms and sectors of activity, or a broad view will be adopted through a set of distinctive criteria. However, in the latter approach, there is no consensus about how to define or operationalize these criteria. The approaches are obviously distinct depending on the different actors concerned. Politicians and public authorities view social enterprise according to their specific public policies and competence categorisations (e.g., economy or social affairs), practitioners may tend to focus on self-identified social enterprises, and university scholars seek to build conceptually consistent definitions that do not necessarily echo the views of practitioners and politicians.

There are also regional differences that should be recalled, although they should not be overestimated. In French-speaking Belgium (Wallonia and partly Brussels), social enterprise is typically presented as the more entrepreneurial subset of the social economy, or as a synonym of the latter, defined as any economic activity developed by associations, cooperatives, mutuals and foundations and not aiming for profit maximisation. Although there may be discussion about how to define an "economic activity", the scope is opened to a variety of sectors, social missions, and organisational forms. A recent decree (2018)³ has been voted in Brussels, which defines a social enterprise based on the EMES International Research Network (EMES) criteria: "A social enterprise complies with the following principles: (a) the implementation of an economic project; (b) the pursuit of a social purpose; (c) the exercise of democratic governance".

In Flanders, "social enterprise-social entrepreneurship" and "social economy" are not being used as synonyms, but over the past decades social entrepreneurship is partially being embraced by the social economy. Indeed, while historically the social economy in Flanders tended to be restricted to the integration of low-skilled workers on the labour market (WISEs), this has evolved over time. The social economy is now legally defined (see the *Ondersteuningsdecreet* in Flanders) as a set of "social entrepreneurial values" developed within various organisational forms and sectors of activity. Still, the social economy appears as one sub-set of social enterprise and social entrepreneurship in Flanders, while in Wallonia it is the other way around. Nevertheless, these regional differences in terms of conceptual interpretation tend to fade away in a context of internationalisation of the discourses and practices in this domain, and also when examining the concrete social enterprise realities and ecosystems, as described in this report.

When trying to identify social enterprise models in Belgium, it may be tempting to list easily identifiable types such as WISEs or accredited cooperatives, etc. The problem with this way of doing is that these types are of very different natures: some refer to a sector of activity, others to a legal form, others to a type of social mission, etc. Hence, they are partly overlapping. For example, taking the categories listed above: several WISEs are cooperatives with a social purpose. As a consequence, it makes little sense isolating heterogeneous and partly overlapping categories.

As an alternative, we propose to emphasize the main purposes, or dynamics, underlying the organisation, using a more academic and abstracted vision. Four main approaches or ideal-types are emphasized in this report, each associated with one or several of the traditions described in the previous section, but not exclusively restricted to one specific legal form or public policy. The approaches are: (i) general interest pursued in an entrepreneurial way (typical of associations, foundations and some cooperatives with a social purpose); (ii) mutual and general interest combined (typical of cooperatives and

(3) Ordinance of 23 July 2018 on the approval and support of social enterprises, Brussels Region.

30 | Concept, legal evolution and fiscal framework

mutuals); (iii) private interest combined with general interest (as increasingly observed in companies with a legally or otherwise defined social purpose); (iv) and "public social enterprises". The four types are as many avenues to social enterprise that potentially comply with the distinctive features highlighted at the international level, for example by the EMES International research network and by the ICSEM project (Defourny and Nyssens 2017), and operationalized by the EU Social Business Initiative. For each type, it is possible to emphasize social enterprises that lie closer to the key features of the operational definition, and organisations that are farther from it and can be seen as "borderline cases".

The identification of these four types converges with other mapping exercises, confirming its relevance. For example, the mapping of legal forms for social enterprise conducted by the ESELA network (European Social Enterprise Law Association) highlighted different types that can be associated with our models: associations and non-profit organisations; cooperatives; and limited liability share companies. However, following initial work and consultation of stakeholders, it was decided not to take legal forms as the initial entry point, acknowledging that these forms are vehicles that can be used for different purposes regardless of the legal requirements. For example, a WISE incorporated as a cooperative is likely to be more oriented towards the general interest, similar with most associations, compared with other cooperatives that are more strongly driven by a mutual interest purpose. Similarly, a social enterprise organized as a share company may have chosen to do so for reasons that have nothing to do with the pursuit of the private interest of the founder or shareholders. The typology used here, whilst acknowledging the distinctive requirements and opportunities of different legal forms, rather insists of the underlying dynamics of each social enterprise as highlighted by the recent work in the context of the "International Comparative Social Enterprise Models" (ICSEM) project animated by the EMES network.

As will be explained below, the models differ in terms of combinations of general, mutual and private interest; governance configurations (models in which members and users are distinct categories; models in which members are users; entrepreneurial models); practices of participation and democracy; and preferred organisational vehicles (non-profit, cooperative, business, etc.). They are ideal-types and it is likely that several social enterprises may combine specific features from two models or propose variants. The aim of this typology is to balance inclusiveness (not exclude a priori certain types of social enterprises) and differentiation (not all models are functioning in the same way and relying on the same dynamics).

Model 1: Associative entrepreneurial approach to the general interest

In the context of the associative tradition mentioned above, an important set of organisations, mainly associations and foundations, pursue a social mission strongly oriented towards the general interest (i.e., disconnected from the members' private or collective interests). These organisations complement the role of public authorities by focusing on particular target groups, often at a local level. Among these general interest-oriented organisations, there has been a growing trend towards engaging in more explicit economic activities and adopting a more entrepreneurial approach. This is facilitated by the legislation on associations, which enables them to develop commercial activities, provided that these activities are subordinated to the organisation's social mission. The general interest is clearly predominant, as the main goal is to support specific categories of people who are often different from the founders of the organisation. Public subsidies remain an important income source for most non-profit organisations, however, as already mentioned, public support increasingly evolves towards public contracts or third-party payments. For some of these organisations, the drive to consider raising higher incomes from the market is increasing, and so is the adoption of entrepreneurial tools and behaviours—this is the challenging but important boundary line distinguishing social enterprise non-profits from traditional non-profits. The 25% trading income boundary line proposed in the EU operational definition of social enterprise is difficult to assess in Belgium given the lack of statistics on the organisations' financing mix and the numerous "grey zones" (e.g., public contracts). However, this first type of social enterprise is undoubtedly found in the largest number of social enterprises.

A large part of the social enterprises in this first type rely on volunteers besides salaried workers. The governance structures are most often composed of members, including volunteers and employees, and possibly other stakeholders: donors, experts, citizens, representatives of other associations or public bodies, but most often not the beneficiaries of the organisation's services. Decision-making in the general assembly is, formally, democratic (one member, one vote).

Numerous associations and foundations can be included in this first model, which also constitutes the largest part of Belgian social enterprises statistically (see section 3). Illustrations of this model can be found, for example, in the field of personal services (see appendix 2, illustration 1), education or healthcare.

Illustration 1. Personal services

Historically, in Europe, personal services were confined within the domestic sphere. The "outsourcing" of these services has generally been initiated by associative dynamics. The state, acting as a "guardian" of the beneficiaries, has gradually recognized the services (home care, childcare...) provided by non-profit organisations through regulation and financing (Gardin and Nyssens 2010).

In the field of home care, home care service associations (HCSOs) have a prominent place as service providers alongside local public providers. HCSOs are non-profit organisations that offer a range of care services primarily for vulnerable families, elderly or isolated people, the disabled and the sick, and those coping with financial difficulties or who have suffered a loss of autonomy. Home care constitutes the core of those services, i.e., help in personal care, educational aspects, administrative tasks, cleaning etc. Access to the service is subject to an evaluation based on a social investigation carried out at the potential user's home by a social worker. The hourly rate is set by law, according to the users' income, in order to ensure universal access to these services. HCSOs are regulated by regional authorities through a "tutelary" system (Henry *et al.* 2009). Developed over the years, first at the national and then at the regional level, the system supports the provision of personal care services by allocating public funding to providers who comply with a set of standards and requirements, mainly regarding inputs. In other words, to perform this type of activity with vulnerable users, these organisations must all be accredited by the regional authorities (in Wallonia, Brussels and Flanders) and comply with a regional regulatory framework on the quality of service and employment. Indeed, care workers must hold a specific certificate; the degree of supervision and coaching of the workers is defined by law; and an assessment of the user's needs is required. This regulated activity is limited by a quota far below the demand, so there is, *de facto*, no competition between the providers.

The Belgian sector of personal services has been highly affected by the creation of the quasi-market of service vouchers. This quasi-market system is designed to foster the creation of regular salaried jobs for low qualified persons doing housework (mainly cleaning). As already mentioned, the provision of those services is open to all kinds of organisations: a variety of for-profit and not-for-profit providers (both social enterprises and providers from the public sector) compete on the market. Care for vulnerable people is still under the tutelary regulation and the monopoly of HCSOs. Hence, the service voucher system was not designed as a substitute for existing social policy programmes in the field of home care, under which only HCSOs and public organisations are accredited and financed by regional authorities to provide personal care to dependent users. However, it has been observed that some elderly and vulnerable people also use the service voucher system to receive home care. Hence, besides public and for-profit organisations, two types of social enterprises compete on this quasi-market: HCSOs and

WISEs (Nassaut *et al.* 2008). After some hesitations, HCSOs have entered the voucher system on the basis of their expertise in domiciliary care, but also in order to monitor the opening of their sector to quasi-market regulation. Specifically, they fear that other organisations operating within the "service voucher" framework, though only authorized to deliver housework, might actually offer home care services without being accredited for that purpose (and thus without offering any quality guarantee for the service and protection of the worker) (Defourny *et al.* 2008). The service voucher system being an employment policy in the field of housework, WISEs (see previous section) have also entered this quasi-market and therefore the sector of personal services. Their motivations were linked, on the one hand, to the low level of qualification needed to perform house work and, on the other hand, to the fact that this made it possible for them to gain access to more financial resources.

HCSOs and WISEs involved in proximity services can both be related to the entrepreneurial non-profits model; this is even true of WISEs that have adopted the cooperative form (see previous section). Indeed, these organisations have a central general interest orientation (through both the services offered and the employment conditions), a high level of public subsidies (through the channel of quasi-markets), and governance structures mainly made of non-beneficiary members.

Prepared by Marthe Nyssens and Florence Degavre, UCL

Model 2: Public entrepreneurial approach to the general interest

In Belgium, many municipalities launched what they call "public social economy organisations". These social enterprises emerge as "public-sector spin-offs". In the framework of community development policies targeting deprived urban areas, for instance, local public bodies take the lead in setting up work integration social enterprise. They launch and remain involved in the management of these social enterprises offering a professional experience or transitional jobs to disadvantaged unemployed people. Generally speaking, the main "social entrepreneurial" drive here consists in a move towards "marketisation". The general interest is clearly still predominant. Public subsidies remain an important income source.

The non-profit distribution constraint is usually adopted by these "public-sector" social enterprises, thereby reflecting their fundamental general interest logic. The type of governance varies considerably according to the place and role played by local public authorities. When public authorities remain the most important shareholder, the governance tends to be bureaucratic, although less so than at the core of public institutions.

Model 3: Combining mutual and general interest

This social enterprise approach combines mutual interest (i.e., the collective interest of the members) and general interest. This model is particularly embodied by cooperatives and mutuals that, alongside their mutual interest orientation (towards their members), have also integrated a strong general interest orientation. They can be existing cooperatives and mutuals that follow this evolution or new cooperatives that have emerged more recently. For example, the new trend of "citizen cooperatives" tends to start from a general interest perspective to include a mutual interest dimension. In either case, the members partially benefit from the organisation's products and services (as consumers, producers and/or workers), but also the broader community beyond the sole members. The governance structures such as the general assembly and the board of directors are mainly composed of members, sometimes together with other stakeholders in the context of multi-stakeholder organisations.

Formal decision-making is democratic (one member, one vote, or at least the voting power is limited). The resources are mainly related to the sale of products or services on the market but may also include public subsidies or donations motivated by these enterprises' general interest dimension. The capacity to really engage with a mission not restricted to the members' well-being constitutes the hard-to-define boundary line with "traditional" cooperatives and mutuals.

This model has recently attracted increasing attention and support, although in Belgium in numbers it is less important than the first. Good examples can be found in the fields of organic food (appendix 2, illustration 2), social finance (illustration 3) and renewable energy (illustration 5).

Illustration 2. Organic food and short food supply chains

Organic food and more particularly short food supply chain (SFSC) initiatives embrace a broad range of realities, from "community supported agriculture" to other initiatives whose main activity consists in distributing local farming productions, such as local cooperatives, farmer markets, groceries, organisations delivering pre-defined "baskets" and so on. More recently, similar practices have also been emerging among large retailers. Each of these organisations differs as to its resource mix balance, economic risk sharing, producers' origins criteria, producer-consumer relationships, and favoured distribution circuits.

All the initiatives share a willingness to relocate food trade and overcome some of the limitations of the current globalized food industry. However, the implementation of this goal heavily varies among organisations. For example, all farmer markets or farmers' direct-selling initiatives do not necessarily result from the awareness of sanitary and ecological concerns. Some initiatives can rather be seen as merely exploiting lucrative niches. The same phenomenon can be observed among cooperatives: although some of them clearly aim to pursue social goals, creating jobs for people with disabilities and/or people excluded from the job market, others tend to behave more opportunistically and, rather, surf on the "green wave" to create economic value.

Regarding governance arrangements, diversity can also be observed regarding the centrality of democratic principles. Most informal SFSCs (e.g. the "collective buying groups" [*groupes d'achat collectif*] or "solidarity buying groups" [*groupes d'achat solidaires*]) heavily rely on democratic functioning, involving the beneficiaries of the activity. Small formal SFSCs, such as farmers' direct-selling initiatives, farmers markets, groceries and cooperatives, rely either on democratic or domestic principles. By contrast, larger formal SFSCs tend to centralize power in the hands of managers and/or shareholders. On the other hand, some large retailers and franchisees seem to genuinely collaborate with small producers in order for both parties to run a profitable business and meet new ecological and economic standards.

In terms of resources, the more democratically run and/or socio-politically or ecologically sensitive SFSCs show a higher dependence on voluntary work and/or build stronger relationships with citizens and/or producers, at the expense of market interactions with mere consumers. Such structures also tend to be more concerned not only by their socio-political and ecological impact but also by the working conditions of their members. In such systems, the food distribution service is not seen as an end in itself but rather as a means to create social bonds between members or citizens. On the contrary, the more profit/shareholder-oriented SFSCs show a higher dependence on market resources and build stronger relationships with consumers, at the expense of the relationships with producers and citizens. Such organisations also tend to be more concerned by their economic survival/growth and the professionalisation of their practices.

To summarize, as an emerging field, SFSCs are characterized by a broad diversity of models, some of which share features with the social enterprise models of social cooperatives and social ventures; others do not, because they are either very informal or on the contrary formalized as large businesses. As in other fields, such as fair trade and social finance, a crucial issue for social enterprises is to build sustainable organisations whilst differentiating themselves from for-profit businesses in the eyes of consumers and other stakeholders.

Prepared by Thomas Pongo, UCL

Illustration 3. Social finance

Social finance can be defined as bringing together financial institutions or practices that do not primarily aim for profit maximisation but rather look for other benefits such as social, ecological or ethical outcomes. It involves a wide spectrum of initiatives, ranging from large institutions such as social or alternative banks to small informal initiatives such as savings groups, and includes microfinance as well as collaborative finance and social crowdfunding. Only the models that are closest to the social enterprise ideal type will be considered here, i.e., neither the more informal initiatives nor the banks that, although retaining the cooperative form, have evolved towards the traditional banking model.

Unlike these historical cooperative banks, social banks and microfinance institutions are two types of alternative financial institutions that can be seen as social enterprises and have emerged in the context of the "new social economy". Social banks represent a new wave of cooperative banks, which are closer to cooperative values than traditional cooperative banks and which have a general interest dimension. Triodos, which focuses on investments with clear societal added value, is an emblematic example hereof. NewB is a more recent example; it is still in the creation phase. It is carried by several Belgian associations and unions that have decided to create a major alternative bank with a strong general interest orientation (Bayot 2012). Despite the success of its launch, with 50,000 members who have contributed more than three million euros in capital, there is still a long way to go in terms of overcoming regulatory barriers and raising the 60 million euros that are necessary to meet the legal requirements to operate as a bank (Bayot 2011).

Microfinance refers to the provision of financial services to marginal people who do not have access to traditional banking services (Périlleux *et al.* 2012). Six main organisations provide microfinance services in Belgium, among which four are cooperatives. The Belgian legislation is rather favourable to microfinance; indeed, while non-banking institutions are not allowed to open savings accounts, they can, however, borrow money and provide loans. *groupes d'achat solidaires*

Finally, among the more recent social finance initiatives, we can mention collaborative and local community-based social finance, which takes place when citizens directly finance entrepreneurs' social projects without any intermediaries. However, most of these initiatives are very small and informal, or they are carried out under a non-profit association form, without necessarily having paid workers. Consequently, although they have a strong social mission and democratic governance, they are a bit far from the EMES social enterprise ideal type.

To conclude this section about social finance, we can say that social enterprises active in this field are still quite marginal in Belgium. Social cooperatives represent the dominant

institutional model, but entrepreneurial non-profits and social ventures also exist. Although they are small, these organisations represent a valid alternative to traditional finance and are becoming an important source of funding for social entrepreneurs.

Prepared by Anaïs Périlleux, UCL

Model 4: Combining private and general interest

Finally, under the impulse of more recent networks and support structures promoting social entrepreneurship, a small but growing number of entrepreneurial ventures are emerging that share with the previous models a focus on a social mission, but also differ from the other models in various ways. First, their resources are mainly based on market incomes—this is a strong claim of some of these supporting structures, who suggest that at least 50% of the revenues of the organisation should consist of market incomes to qualify as a social enterprise. The governance is not a central theme and these enterprises are often led by the entrepreneur(s) together with a board composed of experts (and not of users or workers, for example). The goals combine general interest (the social mission) and private interest (the generation of revenues for the founders and/or investors).

The centrality of the social mission may be secured through different ways, typically the organisation's statutes, an external certification (e.g., in the case of fair trade or ethical finance) or the participation in a network in which some level of mutual control takes place. As this boundary line is difficult to assess and may be unstable over time, this model as a whole can be seen as "borderline", which does not mean that all organisations endorsing it are not social enterprises, rather that it is difficult to isolate, at the category level, business-driven social enterprises from traditional businesses pursuing some corporate social responsibility strategy. A second reason for this type of social enterprise being seen as borderline is participatory governance, which is precisely a way to guarantee the pursuit of the social mission. While several avenues are available to achieve this (formal governance, experts' advisory board, network, etc.), in order to qualify as social enterprises, there should be a concrete and permanent way to "ensure that the interests of relevant stakeholders are duly represented in the decision-making processes" (See appendix 1, The EU operational definition of social enterprise).

This approach may be embodied through different organisational vehicles, and it is thus more difficult to assess their statistical significance, as their emergence is recent and clear discriminating criteria are lacking. The futures prospects suggest that they will be gaining ground in the broader context of the emergence of "hybrid" forms of social enterprise on the boundary between the social economy as it is traditionally

understood and the conventional enterprise world, an evolution also encouraged by public authorities (especially in Flanders). However, in terms of number of organisations, this model currently remains less developed than the other models. Good illustration can be found for example in organic food (illustration 2), social finance (illustration 3) and fair trade (illustration 4).

Illustration 4. Fair trade

Inherent in fair trade is the use of trade to achieve the social mission of supporting small-scale producers in the South. And, beyond such support, fair trade also aims to educate citizens and lobby governments and corporations to make international trading rules and practices fairer. Social enterprises engaging with fair trade (importing, transforming or retailing fairly traded goods) combine these economic, social and political dimensions to varying extents and through diverse organisational models and practices (Becchetti and Huybrechts 2008, Huybrechts 2012).

Pioneer fair trade social enterprises were relatively uniform in terms of organisational structures and practices, including: non-profit legal forms, massive use of volunteers, retailing through worldshops and sympathetic networks (such as church groups), low turnovers and reliance on other funding sources than sales, such as gifts and public subsidies. The configuration of the fair trade landscape dramatically evolved throughout the 1990s with the development of product-based labelling, the increasing corporate participation, and the growth of both sales and public awareness. While some pioneer social enterprises remained relatively stable throughout this evolution, others adapted by changing their initial organisational structures and practices to reinforce their commercial profile and competitive position. In parallel, many new entrepreneurs and companies with a "100% fair trade focus" emerged in the 2000s.

In Belgium, fair trade has achieved a high level of awareness in the general public. Although an increasing proportion of the market is in the hands of mainstream businesses and despite the economic situation that followed the recent financial crisis, fair trade social enterprises are developing their activities. They do so under the umbrella of the "Belgian Fair Trade Federation" (BFTF).

Based on the combination of their legal form, governance model, leaders' profiles, goals, activities and resources, three main organisational categories, that seem to fit more or less the three major social enterprise ideal types identified in section 2, can be distinguished among fair trade organisations (Huybrechts 2012): volunteer-based non-profit social enterprises, multi-stakeholder cooperatives and social ventures. While some organisations can be located on the boundary between two categories, most of

them can clearly be associated with the organisations from the same category—and differentiated from the others—on several key dimensions.

First, most "volunteer-based non-profit social enterprises" are pioneers of fair trade that were created between the mid-1970s and the early 1990s. Most of the members of these organisations' governance bodies are volunteers, and the representation of other stakeholders in these bodies is limited. These organisations rely partly on subsidies and donations, even though most of their revenues are generated through sales. Their main activities and goals are, on the one hand, supporting producers in the South through training and capacity-building and, on the other hand, engaging in education and advocacy in the North. The trading activity is thus clearly a means to an end and is managed either totally within the structure or partly outsourced.

Secondly, "multi-stakeholder cooperatives" combine several aims and include diverse stakeholders in their governance structures, possibly including a sister or a mother structure that holds part of the shares. Other stakeholders include consumers, volunteers, employees, public investors and partner social enterprises and NGOs. Organisations in this second category share with organisations in the first category a collective dynamic and strong connections with NGOs and activists within the broader social movements surrounding fair trade; and with the third one (see below), they share a strong commercial dynamic as well as mainly market-based resources. However, these market resources are reinvested in producer support, education and advocacy through the sister or mother organisation, to which the profits are partly allocated.

Thirdly, "fair trade social ventures" are much more recent in the field. They were created by one or few persons who developed their activity often after a personal experience with producers in the South. The key feature of these organisations is that they are managed and governed by this or these entrepreneur(s), who play(s) a central role in the social and commercial activities (education and advocacy being significantly less important in these organisations). In particular, personal relationships are held by the entrepreneur(s) with a small number of producer partners (directly in the case of import and indirectly in the case of retail). The vast majority of resources is generated through sales. Governance is not developed beyond the legal requirements, but entrepreneurs tend to favour "extra-organisational governance" processes, such as participation in a network, in order to increase their legitimacy.

Among these three social enterprise categories active in the field of fair trade, volunteer-based non-profits appear as the most fragile and declining category. The existing organisations have consolidated their model through securing volunteers and subsidies; however, their influence now lies more in their mobilisation capacity than in their economic weight. Newly created fair trade social enterprises tend to emerge as entrepreneurial ventures led by one or a few leaders. Most of them still remain small and rather fragile, but growth could strengthen their position. Finally, multi-

stakeholder cooperatives seem to be the most stable form, balancing multiple goals and stakeholders into a coherent social enterprise model, at least as long as they remain connected with their sister or mother organisation and hence with the social and political goals of the broader fair trade movement. In a competitive environment, with mainstream businesses gradually taking up the lion share of fair trade sales, social enterprises increasingly need to differentiate themselves by targeting innovative niches and by putting forward not only what they do (fair trade) but also what they are (social enterprises), emphasizing the consistency between their organisational model and the values and goals of fair trade.

Prepared by Benjamin Huybrechts, ULg

The following table provides an overview of the four ideal types and their main features with regard to the EU operational definition of social enterprise.

Table 1. Overview of the four ideal-typical social enterprise models in Belgium

Ideal type	Model 1: Associative entrepreneurial approach to general interest	Model 2: Public entrepreneurial approach to general interest	Model 3: Combining mutual and general interest	Model 4: Combining private and general interest
Underlying dynamics	General interest	General interest	Mutual interest + general interest	Private interest + general interest
Social aim	Inherent in the statutes	Inherent in the statutes	Either present from start or added to mutual interest	> Variable > Challenge of social aim demonstration and prioritisation
Economic dimension	Under certain conditions (e.g., >25% market resources)	Under certain conditions (e.g., >25% market resources)	Yes	Yes
Participatory governance	> Democracy: yes > Challenge of participation (members ≠ beneficiaries)	> Democracy: yes > Challenge of participation (public bureaucracy)	> Democracy: yes > Participation: yes (members = beneficiaries)	Democracy and participation not inherent in this model
Privileged organisational vehicle	Association, foundation and cooperative accredited as social enterprise	Association and cooperative accredited as social enterprise	Cooperative, mutual and cooperative accredited as social enterprise	Various (including business and independent worker)

Ideal type	Model 1: Associative entrepreneurial approach to general interest	Model 2: Public entrepreneurial approach to general interest	Model 3: Combining mutual and general interest	Model 4: Combining private and general interest
Main resources	Public subsidies with growing public and private contracts	Public subsidies with growing public and private contracts	Mixed incomes	Market incomes
Boundary line	Economic dimension	Economic dimension and democratic/participatory governance	Social dimension (general interest)	Social dimension and democratic/participatory governance

2.2. Legal evolution

In Belgium, as already mentioned, there is no specific legislation fully embracing the social enterprise scope. There are, rather, a set of laws, decrees (at the regional level), and public provisions related to specific legal forms, sectors of activity, and social mission types. A large scope of policies and legal provisions potentially apply to social enterprises in various sectors and it is impossible to provide an exhaustive list of all these measures. The main structures, policies and trends at the federal and regional levels are presented in section 4.

As already mentioned, in terms of numbers, most social enterprises operate as associations. Important as well, but less numerous, are foundations, mutuals, cooperatives and social purpose companies—these latter two categories used to be often combined with each other until the 2019 reform, which has repealed the social purpose company and introduced a social enterprise accreditation that is only available for cooperatives. Detailed figures are presented in section 3.

In the context of the Company Law the social purpose company framework was created in 1995. This framework was not, strictly speaking, a new legal form; in fact, all types of organisations could adopt the social purpose company status, provided that they were "not dedicated to the enrichment of their members", and their statutes complied with a series of conditions. The social purpose company framework attracted much attention nationally and internationally, as the first legal framework specifically focused on social enterprises across various sectors of activity.

However, it would be very misleading to restrict the vision of social enterprise in Belgium to companies using this framework. Indeed, this legal status was adopted by only a few hundred organisations: 375 in 2017. This may be accounted for by the fact that it brought with it a considerable number of requirements, in addition to those associated

42 | Concept, legal evolution and fiscal framework

with the traditional company legal form (Nyssens 2008). Therefore, it is not surprising that the law on social purpose company was repealed in 2019. With the new law, only cooperatives can get an accreditation of "social enterprise" (which is not a legal form).

A very large number of social enterprises have thus developed without using the social purpose company legal framework but rather by adopting an associative (VZW/ASBL), cooperative (without a formal social purpose), mutual or, to a lesser extent, company by share form.

The law on associations has been substantially amended in 2019 to strengthen the "entrepreneurialisation" of associations. The law of associations is now incorporated into the code of companies. This new law defines an association as "constituted by an agreement between two or more persons, called members. It pursues a disinterested goal in the exercise of one or more specific activities that constitute its purpose. It may not distribute or procure, directly or indirectly, any patrimonial benefit to its founders, members, directors or any other person except for the disinterested purpose determined by the bylaws of the association."

Contrary to what was permitted before, associations can—like companies—develop economic activities of industrial or commercial nature, even as their main activity. The income generated by these economic activities has to be allocated to the achievement of their disinterested purpose. With this new law, the only criterion that makes possible to distinguish a company from an association is related to the distribution of profits, or the granting of benefits to its members, partners or managers, which is prohibited in an association. In other words, an association can behave as a social enterprise.

While strengthening the evolution of associations towards an entrepreneurial stance, recent legal changes have also acknowledged cooperatives' inclination to pursue general interest aims. Since 2019, only cooperatives can be accredited as social enterprises through a new accreditation scheme. The table below provides an overview of the conditions that need to be met by a cooperative to be accredited as "social enterprise".

Table 2. Conditions for a cooperative to be accredited as a social enterprise

Conditions
1° The main purpose of the cooperative must be, in the general interest, to generate a positive societal impact for the person, the environment or the society;
2° Clear description of the social goals to which the activities of the organisation would be dedicated to;
3° The direct capital benefit that the entity pays to its members cannot be higher than the interest rate established by the law that regulates the establishment of the National Cooperation Council, applied to the actually paid amount of the shares;
4° In case of liquidation, after all liabilities have been met and the members have been repaid their capital, any surplus should be allocated to purposes as close as possible to the social purpose of the company;
5° In the event of resignation, the outgoing shareholder must receive at most the nominal value of his or her actual share;
6° The term of office as a board member must be free of charge;
7° Nobody can participate in the organisation's general assembly with more than one tenth of the votes connected to the represented shares;
8° The amount of the dividend to be paid to shareholders can only be determined after setting an amount that the company reserves for projects or allocations that are necessary or useful for the achievement of its purpose;
9° Publish an annual report on how it acted on the established social goals of the organisation (though not a full-fledged social impact report).

Whilst most public policies for social enterprises are now developed at the regional level (see section 4), it is worth mentioning that the legal provisions for all legal forms (associations, foundations, cooperatives, mutuals and other companies, as well as accreditation as social enterprise) are still regulated at the federal level. For example, the recognition of cooperatives is organized through the National Council for Cooperation, as explained in section 1 when describing the development of cooperatives in Belgium.

Also worth mentioning is that, unlike in some other countries, there is no social enterprise label enabling to identify all such organisations. There are some labels and standards but either (i) specific to social enterprises in a specific sector, or (ii) available to all types of organisations.

As regards labels for specific social enterprises, we can mention for example the re-use sector, with "Cradle to Cradle" in Flanders. In Brussels and Wallonia, the "Solid'R",

"Rec'Up" and "electroREV" labels have been launched by the Ressources network to highlight re-use (of textiles, furniture, etc.) managed by social enterprises and complying with high ethical norms differentiating them from similar activities run by conventional enterprises. In solidarity finance, the "Financité and Fairfin" label ensures the ethical quality of a number of financial investments such as cooperative parts.

As regards labels available to all types of organisations (including social enterprises), we can cite the "Social Label" (*Label social/Sociaal label*) that was created to identify products that have been produced while respecting the workers' basic rights. The label was created in the context of a law on socially responsible production (2002). The label is provided by the administration of the Ministry of Economy in the context of its corporate social responsibility support policy. However, very few companies have asked for this label and the interest from social enterprises has been virtually inexistent.

Finally, in fair trade for example, both types of labels exist. Standards are available either for any type of company complying with the specified standards (typically "Fairtrade", managed here by "Fairtrade Belgium", or alternatives such as "Ecocert" and "IMO Fair for Life"), or for social enterprises fully embracing the fair trade principles throughout their organisational practices ("World Fair Trade Organization – WFTO", relayed in Belgium by the "Belgian Fair Trade Federation – BFTF").

2.3. Fiscal framework

In Belgium, there is a major difference between associations and foundations—whose surpluses must be reinvested in the activities and are thus not taxed—and companies (cooperatives included)—all subject to company tax. Except for the few fiscal measures described at the federal level (see part on federal policies in section 4), there are no tax benefits specific to social enterprises. Rather, social enterprises organized as companies have the same fiscal rights and obligations as other companies. Regarding associative social enterprises, some of them can provide tax deductions to private or institutional donors under certain conditions. At the regional level, there are also deductions in social security contributions for the employment of particular workers who have been unemployed (even for a short time).

Unlike income tax, where the absence of a profit motive has an influence on the tax regime applicable to an association, the VAT Code makes no difference, as far as the conditions of VAT liability are concerned, between a profit-making and an association. As a result, an association, which (i) in the framework of its business activity, (ii) supplies goods or services (within the meaning of the VAT Code), (iii) on a regular basis and (iv) for remuneration, is subject to VAT as a normal commercial company.

Two measures are focused on specific WISEs, recognized as such at the regional level, but for which the fiscal advantage is still a federal competence: EI (*entreprise d'insertion*), EFT (*entreprise de formation par le travail*) and social workshop (*sociale werkplaatsen*). First, thanks to a law from 2000, these WISEs can benefit from a reduced VAT rate (6% instead of 21%) when they sell recycled or re-used goods that have been collected freely (for example garments or electronic devices). The measure also applies to services produced by these WISEs, with a set of exceptions. Second, thanks to a law voted in 1999, these WISEs can benefit from tax reductions when they put part of their profits into an asset lock scheme.

A third fiscal measure managed at the federal level is the "Maribel Social", which aims to promote the creation of employment in the non-profit sector. The fund provides social security tax breaks in the "non-market" (*non-marchand*) sectors such as health care, social services, etc. These tax breaks are then mutualized at the level of these different sectors and redistributed among individual organisations to support additional employment opportunities. Such mutualisation is rather unique to the non-profit or, as it is called by the practitioners, "social profit" sector. The measure is thus not specific to social enterprises, but can be used by non-profit and mutual social enterprises active in sectors such as health, education, culture, social services, etc.

The following table summarises the fiscal treatment of social enterprises in Belgium.


Table 3. Fiscal treatment of social enterprises in Belgium

Reduced social security contributions/costs	Tax exemptions and lower rates	Tax reductions to private and/or institutional donors
<p>Social security tax breaks are provided in the health care and social service sectors.</p> <p>At the regional level, deductions in social security contributions are envisaged for the employment of particular workers.</p>	<p>Under certain conditions, WISEs benefit from a reduced VAT rate.</p> <p>WISEs' profits put into an asset lock scheme are subject to tax reductions.</p>	<p>Can be provided under certain conditions.</p>

3

MAPPING

In the third section, two approaches are distinguished that measure social enterprises: a bottom-up and an inclusive method. Figures are presented based on studies that rely on each approach. The latter provides the most comprehensive result, which itemises more than 18,000 social enterprises in Belgium. Figures on employment, growth rates, legal forms and sectors of activity are also presented.



3.1. Measuring social enterprises

The different definitions of social enterprises and degrees of connection with the broader "social economy" have, of course, important implications when attempting to estimate the weight and numbers of social enterprises. The difficulties in providing precise figures are related to the blurry nature of the boundary lines surrounding social enterprise and its different models. As there is no legal or statutory framework embracing the whole scope of social enterprises and specifying criteria similar to those proposed in the EU operational definition, it is not possible to provide precise statistics.

Several calculation efforts have been undertaken, however each of them faces limitations and there is no general agreement neither on where exactly to put the boundaries around the social enterprise notion nor on precise figures. Two types of calculations exist: "bottom-up" approaches summing up the known figures for some of the most easily definable social enterprise types, and "inclusive" approaches aggregating populations of organisational forms of which a certain share could be considered as a social enterprise according to the operational definition. While "bottom-up" calculations probably under-estimate the number of social enterprises because only focusing on the types that can most easily be identified, "inclusive" calculations probably over-estimate the number of organisations corresponding to the EU operational definition.

3.1.1. Bottom-up approaches

Among the bottom-up approaches, a report on social enterprises in Belgium was produced by I-Propeller (now part of the Oksigen ecosystem) for the King Baudouin Foundation in 2013 (Huysentruyt *et al.* 2013). The mapping counted between 2,210 and 3,170 social enterprises.

Another "bottom-up" mapping was conducted by I-Propeller/Oksigen in 2014 in the context of the EU-funded Seforis project. To study social enterprise in Belgium, the authors adopted an alternative cost-effective and reliable sampling method called respondent-driven sampling (RDS) method. RDS consists of an enhancement of network or "snowball" sampling, in which data on who recruited whom and the extensiveness of network connections provide the basis for calculating relative inclusion probabilities, population indicators of minimal bias, and the variability of these indicators.

The authors defined social enterprise as "an organisation that has as its primary goal to create social impact but does so using traditional business methods, that is, by selling a service or product in the marketplace or to government". Several screening criteria were applied: the organisation should be driven by a social mission (which was assessed using an elaborate 7-item scoring grid); it should have a minimum of 1 FTE (full-time equivalent); and self-generate at least 50% of the overall revenues, that is through

selling products or services in the market, revenues stemming from fees for services or sales of products.

Bottom-up approaches provide a more focused and therefore more easily identifiable picture of a set of social enterprises, most of which identify themselves as such. Yet, by doing so, they ignore organisations that do comply with the EU operational definition but are less typically associated with social enterprise and/or cannot be identified through statistics. For example: non-profit organisations that have more than 25% earned income but are not necessarily identifying with or perceived as social enterprise, or cooperatives that pursue a general interest mission without having adopted the social purpose company status.

3.1.2. Inclusive approaches

The inclusive approaches extend the radar to be sure to include the abovementioned organisations, but by doing so probably includes organisations that do not comply—at least not totally—with the EU operational definition. In this context, the view of social enterprise as corresponding to the broad understanding of the social economy, not restricted to its sole market-oriented component, has been endorsed in the statistics on social enterprise in Belgium collected by the French-speaking platform ConcertES (*Concertation des organisations représentatives de l'économie sociale, ASBL*) in the context of the *Observatoire de l'économie sociale*.

These statistics have led to the publication of yearly reports on the social economy (in the broad understanding). At the national level, these statistics have also been used by the University of Liège (*Académie des Entrepreneurs Sociaux* at HEC Liège Management School) to publish a yearly Social Enterprise Barometer (*Baromètre des Entreprises Sociales en Belgique*).

As a conclusion, because of different definitions and interpretations, the bottom-up and inclusive approaches differ quite strongly when it comes to providing statistics—respectively around 3,000 and 18,000 organisations. Hence, the difference in terms of numbers seems mainly related to different interpretations of the social enterprise phenomenon and different ways to frame it—as either a very specific and distinctive form, or as an "area" of diverse organisations located in between the public and private for-profit spheres. If we refer to the EU operational definition and the broad understanding of an economic activity as the production of goods and services, it is likely that the numbers will lean towards those proposed by the inclusive approach.

3.2. Social enterprise characteristics

In terms of fields of activity, it is not possible to provide an exhaustive list. The most commonly cited examples include social services, education, ethical finance, integration of low-skilled workers, fair trade, renewable energy, recycling, healthcare, etc. Social enterprises are however active in a very broad set of fields related to the production of goods (food, garments, furniture, energy, etc.) and services (retail, transport, homecare, education, health, culture, insurance, finance, information technology, construction and refurbishing, etc.). Certain sectors display a homogeneous set of social enterprises, especially when the public regulation is important. In other sectors, variants of the three models mentioned above can be found.

Illustration 5. Renewable energy cooperatives

The emergence of renewable energy cooperatives (RECs) in recent years has been stimulated by an increasing interest in renewable energy on the part of the public and by the implementation of policies, at the European and national levels, seeking to raise the share of energy consumption produced based on renewable resources. In line with the European 20-20-20 energy targets, the objective of Belgium is to produce 13% of its final energy consumption based on renewable energy (RE) in 2020. However, the Belgian institutional context is not particularly conducive to social enterprise and cooperative initiatives. In Flanders, wind power has been developed in a top-down way, based on a few large companies, and little bottom-up emergence can be observed. In Wallonia, the energy generation and supply markets are also dominated by two or three large companies. However, new regulation adopted by the Walloon government now makes it compulsory for wind farm developers to open the capital of any new project up to 24.99% to citizen participation and to 24.99% to municipalities' participation. In order to promote the renewable energy cooperative model in Belgium, a national federation, REScoop.be, has been created and gathers various RECs. In 2014, this federation has been split into two regional sections, one for Flanders and one for Wallonia.

Renewable energy cooperatives are organisations that enable consumers themselves to co-own and invest in renewable energy generation units, such as wind turbines, photovoltaics, hydropower or biomass installations. Their most common legal form is the cooperative company with limited liability (in which case members are only personally liable to the extent of their contribution). Most RECs are companies with a social purpose and/or have been approved in the context of the National Council for Cooperation.

Renewable energy cooperatives, while they may share with traditional cooperatives a principle of service to their members when they supply them with electricity, can be located close to the social enterprise ideal type through their strong orientation toward the general interest, expressed within two main types of activities:

- > first, the production and supply of green energy, since green energy generates positive externalities, e.g. under the form of reduced greenhouse gas emissions or reduction of resource import dependence;
- > and secondly, activities undertaken to encourage energy savings and rational energy use, since no one can be excluded from the benefits generated through avoiding greenhouse gas emissions due to energy savings.

These cooperatives represent 4.6% of Walloon wind power installed capacity (Aperre 2014). Ecopower and BeauVent, the two largest Flemish cooperatives, represent 3.8% of the total wind power installed capacity in Flanders. A total of 23 REC and 11 local citizen organisations are registered for the entire territory. Most initiatives are volunteer-based, with the notable exceptions of Ecopower and BeauVent, which hire respectively 22 and 5.37 full-time equivalent workers.

The recent institutional changes toward more citizen and municipality participation in new wind projects described above are favourable for the creation of RECs in the future. However, there are also various threats that may hinder the development of RECs: reduction of public subsidies, public opposition to onshore wind power, and abuse of the cooperative model by private actors not sharing the cooperative values. A major challenge for RECs is thus to gain legitimacy by asserting their distinctive social enterprise features compared to other actors.

Prepared by Thomas Bauwens, ULg

If we look at the characteristics of the mapping exercises mentioned in the first part of this section, a few relevant figures are worth mentioning.

The 2013 and 2014 mapping studies on social enterprises in Belgium conducted by I-Propeller (for the King Baudouin Foundation and for the Seforis project) provide interesting information, although they are based on a very limited number of organisations (72). The majority of the organisations had the non-profit legal form (VZW/ASBL), sometimes combined with another form. Only 5% of the sample had adopted the social purpose company status. In terms of employment, 21% of surveyed enterprises had up to 10 employees, 43% between 10 and 50 employees, 18% between 50 and 250 and 18% over 250 employees, with an average of 114 employees. More than 70% of the social enterprises were more than 10 years old and only 10% were less than 4 years old. When considering demographics and other characteristics of the

employees of the social enterprises surveyed by the 2013 study, it reveals that of all directors, 80% are male and on average 46 years of age. Over half hold a Masters or MBA degree, though the academic background is very varied. Two thirds of the social enterprises offered their products and services directly to the final consumer, whereas 44% were involved in business-to-business.

In terms of resources, on average 56% of the revenues came from selling products and services on the market. Fifteen per cent of the surveyed social enterprises only relied on market revenues. On average 40% of the revenues came from grants, mainly public subsidies, and only 2% from donations. Eighty per cent of the surveyed social enterprises tracked their social impact, however in most cases they only had one indicator, most often related to the quality and quantity of employment provided to people initially excluded from the labour market.

Regarding the more inclusive approaches, the *Observatoire de l'économie sociale* provides interesting information regarding employment, sectors of activity and regional distribution. The study finds that the number of social enterprises—in the broad sense—has remained very stable between 2010 and 2017—just over 18,000.

The most impressive growth concerns the employment in social enterprises. While employment in the public and private "for-profit" sectors has decreased from 2008 to 2014, it has strongly increased in social enterprises (+11.5% at the country level), with a dramatic growth in Brussels (+25%) and also considerable growth in the two other regions (+9.1% in Flanders and +7.2% in Wallonia). In Flanders, interestingly, there has been an increase in employment but concentrated within a smaller number of organisations. Between 2014 and 2017, the employment in social enterprises has increased (+6%) much more than in the public sector (+1%) but in a lesser extent than in the whole private sector (+9%).

With 393,000 full-time equivalents, social enterprises represent 12% of the employment in Belgium in 2017. As the inclusive approach considers employer associations as social enterprises, it is logical that the bulk of the employment (89%) is to be found in associations, the remainder being found in mutuals, foundations, cooperatives and social purpose companies. Another consequence of the inclusive approach is that the sectors of activity concentrating the highest numbers of workers are health, social services and education.

A study also finds a strong gender imbalance (*Académie des entrepreneurs sociaux* 2016), with 70% of the jobs (full-time equivalents) occupied by women and only 30% by men, which heavily contrasts with the rest of the economy (respectively 45 and 55%). This imbalance is particularly strong in the sectors of health and education. In terms of age distribution, 20% of the full-time equivalents are occupied by people less than 30 years old, 26% between 30 and 40; 27% between 40 and 50; 24% between

50 and 60 and 3% above 60 years old. This places social enterprises in between the public sector (older workers) and the private "for-profit" sector (younger workers).

The following table summarizes some key information on social enterprises in Belgium, following the statistical information of ConcertES.

Table 4. Estimated number of social enterprises in Belgium (2017)

Type of social enterprise	Estimated number of social enterprises	Estimated number of workers	Estimated number of FTE
German-speaking region	158	3,221	1,945
ASBLs	153	2,452	1,419
Cooperatives accredited by the NCC	1	8	4
Foundations	3	704	476
Mutuals	1	57	46
Social purpose companies	-	-	-
Brussels	4,736	90,543	69,540
ASBLs	4,532	76,621	57,780
Cooperatives accredited by the NCC	29	2,215	1,684
Foundations	103	5,256	4,820
Mutuals	33	5,572	4,636
Social purpose companies	39	879	620
Flanders	6,617	330,935	223,941
ASBLs	6,313	303,305	204,466
Cooperatives accredited by the NCC	95	4,359	3,631
Foundations	48	5,899	4,532
Mutuals	42	7,599	6,074
Social purpose companies	119	9,773	5,238

Type of social enterprise	Estimated number of social enterprises	Estimated number of workers	Estimated number of FTE
Wallonia	6,493	148,215	97,581
6,109	130,874	86,419	204,466
95	2,273	1,721	3,631
42	1,156	894	4,532
27	4,338	3,405	6,074
220	9,574	5,141	5,238
Total	18,004	572,914	393,008

The table below outlines growth rates in the number of social enterprises and their workers.

Table 5. Growth rates of social enterprises and workers


Growth rates	Number
Number of social enterprises	18,004
Growth since 2011	stable
Number of workers (FTEs)	371,478
Growth since 2011	+9%
Associations (89%)	350,084
Foundations (3.7%)	10,723
Cooperatives and/or social purpose companies (3.6%)	18,039
Mutuals (3.7%)	14,161

Source: *Observatoire de l'économie sociale* (2019).

4

ECOSYSTEM

The fourth section reviews the main actors of the social enterprise ecosystem in Belgium and its different regions. Attention is particularly given to public authorities and public policies at federal and regional levels. Networks and federations of different types are also presented, as well as advice and consultancy organisations, universities, observatories, incubators, etc. Finally, aspects of social finance are presented with emphasis on the gaps between supply and demand.



4.1. Key actors

As networks and supporting structures will be described later in the text (section 4.4), we will focus here on public authorities. In Belgium, although a few competences remain at the federal level, the bulk of competences related to social enterprise falls under the jurisdiction of the regions. The vision of social enterprise and the social economy at the political level is different from that of academic circles and practitioners: it is more focused and related to specific public policies in the area of employment, innovation and the economy. In this section, we focus on the departments and institutions that claim competence over this domain—acknowledging that social enterprises in the broader sense of the term are regulated by a broader set of policies depending on their organisational type and sector of activity.

At the federal level, there used to be Ministers (1999-2004) and Secretaries of State (2004-2007) on the Social Economy, supported by a specific administrative unit. Over the years, however, as the competence on the economy was gradually transferred to the regions, the regulation of and support to social enterprises increasingly became a regional matter. For example, after the broad institutional reform of 2008, several federal measures such as SINE (social integration economy, *sociale inschakelingseconomie*) and the service voucher system were transferred to the regions. Until 2014, a few support and coordination tools remained within the federal administration for social integration (POD SI - SPF IS), more specifically through the department of Social integration, fight against poverty, social economy, and large cities. Since 2014, all the policies around social enterprise and the social economy are taken autonomously by each region. Nevertheless, the federal department still promotes the exchange of information and practices and represents federal Belgium in the European Commission's Expert group on social economy and social enterprises.

In Flanders, social enterprise lies at the crossroads of the domains "Work and the Social Economy" and "Economy, Science and Innovation", although the topic is most explicitly related to the former and dealt with by the Minister for Local and Provincial Government, Civic Integration, Housing, Equal Opportunities and Poverty Reduction. In Flanders, historically, social enterprise tended to be restricted mainly to the integration of specific target populations (such as unemployed or people with disabilities) through a working activity as well as to the area of local services. Previous decrees such as the *Meerwaardendecreet* in 2000 structured the field into several sub-sectors within work integration (*invoegbedrijven*, *sociale werkplaatsen*, *beschutte werkplaatsen*, etc.) but also beyond, supporting advice structures and incubators. The support was extended more broadly to cooperatives active in a variety of sectors (including health in education from 2009 to 2014). The structuration of the field was led hand in hand with the representative network VOSEC (Flemish coordination for the social economy).

From 2009 to 2019, an important restructuration of the field's support was prepared and gradually implemented. Different decrees were adopted by the Flemish government to re-orient its support.

The first one supports social enterprises across all types and fields (*Ondersteuningsdecreet*). The other ones are limited to work and social integration of vulnerable people in the field of local services (*Lokale diensteneconomie*) and, finally, since 1 January 2019, *collectief maatwerk* has replaced the regulations for sheltered and social workshops (*beschutte en sociale werkplaatsen*).

The support measures are managed by the Department of Work and Social Economy (*Departement Werk en Sociale Economie*), and more particularly the unit *Afdeling sociale economie en duurzaam ondernemen*. This unit both advises policy-makers and is in charge of the implementation of the policies.⁴

In Wallonia, social enterprise has historically been at the intersection between the Ministries of the Economy and that of Social Affairs. However, over the last years, the Minister of the Economy (also in charge of Industry, Innovation and the Media) has developed a particular ambition to develop the "market-based social economy" (*économie sociale marchande*), thereby integrating the bulk of regulation and support for social enterprises into the economic policy sphere. As will be developed next, this has led to promoting, beyond specific measures, the access of social enterprises to classical supporting measures for all types of companies. Social enterprises in less market-oriented sectors, however, still remain mainly regulated by the Ministers in charge of their specific domains (e.g., education, health, culture, etc.).

In Brussels, social enterprise lies at the interface of Economy and Employment, which are dealt with by the same Minister. Again, other competences depending on the social enterprises' fields of activity must be taken into account. Since 2019, social enterprises can apply, in Brussels, for a regional accreditation (see section 2.1.2. before). This will allow them to access specific funding schemes from the Region or higher premium amounts.⁵

Finally, in the German-speaking community, the Minister for Social affairs is responsible for the social economy, with a point of contact in the administration of the Ministry of Employment.

It is worth mentioning that, to ensure consistence of public policies in this domain, the federal state and the regions/communities signed agreements: a first one on the social economy in 2000, and a second one on the "plural economy", including social enterprise and corporate social responsibility, in 2005. These agreements included substantial

(4) <https://www.socialeconomie.be>.

(5) Ordinance of 23 July 2018 on the approval and support of social enterprises, Brussels Region.

financial means provided to the regions and commonly set objectives across the different federated entities, enabling important stimulation of and visibility for social enterprise and the social economy countrywide.

4.2. Policy schemes and support measures for social enterprises

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

Whether in more or in less market-oriented sectors, there is a large array of policies applying to all organisations, including, but not restricted to, social enterprises.

Overall, there is a variety of broader public policies not specific to social enterprises that do have an important influence on some of the latter and that cannot be presented extensively here. They may be policies in the area of enterprise and innovation, or in the area of healthcare, social services, culture, education, etc. These sectors include numerous associations and mutuals that are not necessarily perceived as social enterprises and do not often perceive themselves as such, but that largely comply with the EU operational definition. These organisations are represented by cross-sector networks that, interestingly, have developed the notion of "social profit organisations" and emphasized both their economic and social role (see section 4.4 on networks).

For example, social enterprises have access to a broad range of supporting measures available to any type of company or at least also to other, non-social enterprise organisations. For example, the SINE (social integration economy) measure, previously managed at the federal level and transferred to the regions in 2014, stimulates the employment of long-term unemployed people in several types of organisations, including social enterprises. SINE provides this type of support through lower social security contributions (up to 1,000 EUR per quarter) and a so-called labour costs allowance (up to 500 EUR per month) allocated by the National Employment Office to employers of the concerned persons. Applying organisations have to provide proof to meet certain criteria. Not all support from SINE focuses on social enterprises as many organisations that have received funding are community centres and so-called "public centres for social action" (CPAS/OCMW). SINE is therefore a relatively broad public support measure (subsidy) that is not targeted at social enterprises as such, but does include them.

Another scheme not restricted to, but commonly used by social enterprises, is the service voucher system. This system has been particularly instrumental in the development of WISEs. The service-vouchers scheme, developed by the federal government in 2001, is mainly designed to foster the development of regular jobs for low qualified people in the housework field, where services were hitherto mostly provided on the black market. Any person willing to get housework services can buy vouchers and benefit from tax reductions. The user chooses an accredited provider, which sends a worker to the client's house. Workers are hired by the providers and not directly by the households, which are clients of the providers (Defourny *et al.* 2010). The combination between the WISE model and the service voucher system has been widely applied in the Walloon and Brussels Regions (not in Flanders), which contributed to the development of the work integration field. Again, it is likely that the regions, now in charge of managing the service voucher system, will adapt it according to their public policies and budgetary possibilities.

4.2.2. Support measures addressed to non-profit organisations

Most non-profit social enterprises, organized as associations and mutuals, are governed by regulations specific to their field of activity (e.g., health, education, culture, etc.) rather than to their organisational type. The organisation and funding of the social security including for example health and invalidity insurance, pensions, unemployment allowances, reimbursement of medicines, etc. are still managed at the federal level, as well as various regulations regarding for example employment. Through these policies and regulation levers, the federal level thus has an important influence on non-profit social enterprises active in healthcare, child and elderly care, fight against unemployment, and social services more generally. Due to space constraints, these policies not specific to but partly applying to social enterprises cannot be presented exhaustively here, but should be borne in mind when considering the regulatory framework of each sector of activity. The UNISOC (see section 1) works to mediate such influence through being recognized as a key stakeholder in the negotiations (e.g., the National Work Council) at the federal level.

Another policy area relevant to but not restricted to social enterprises is social innovation, which has enjoyed an increasing attention for several years. In particular, under the impulse of the Ministry of Work, Economy and Innovation and the Flemish Agency for Entrepreneurship and Innovation, the Social Innovation Factory (*Sociale InnovatieFabriek*) was created in 2013. It "promotes, guides and supports social entrepreneurship and social innovation in tackling societal challenges" and combines the roles of advisory structure and incubator. Moreover, through the *Sociale InnovatieFabriek*, entrepreneurs can request a feasibility study and (co-)financing by the Flemish Agency for Entrepreneurship Innovation. The network also assists innovators in their search for other partners or funders/investors.

4.2.3. Support measures specifically addressed to social enterprises

Support measures specific to social enterprises address particularly WISEs. Previously managed at the federal level, the gradual regionalisation of this competence has led to different accreditation schemes in the three regions of the country. Although similarities remain, there have been increasing differences depending on how WISEs have been used as important tools for social integration through employment. In the three regions, the recognition of WISEs has led to an increase in the number of initiatives that adopted the specific accreditations, which contributed to the integration of those WISEs within public policies (Lemaître and Nyssens 2012).

Various accreditation schemes coexist in the Belgian work integration landscape; they differ according to the region in which the WISE is established and according to the type of work integration and the target groups the enterprise is working with. These types of WISE are summarized in the following table, with their specific names in the three regions.

Table 6. Types of WISEs in Belgium

Type of activities	Flanders Region	Walloon Region	Brussels-Capital Region
Work integration of PWDs	<i>Beschutte werkplaatsen</i> (BW) are now considered as <i>collectief maatwerk</i> ("collective customized job")	<i>Entreprises de travail adapté</i> (ETA, formerly <i>Ateliers protégés</i>)	<i>Entreprises de travail adapté</i> (ETA)
Work integration of people with psycho-social difficulties	<i>Sociale werkplaatsen</i> (SW), are now as <i>collectief maatwerk</i> ("collective customized job") <i>Arbeidszorg</i>	-	-
On-the-job training of the target public for a limited period	<i>Werkervaringsbedrijven</i>	<i>Entreprises de formation par le travail</i> (EFT), as one type of CISP (<i>centre d'insertion socio-professionnelle</i>)	<i>Ateliers de formation par le travail</i> (AFT)
Work integration of PWDs	<i>Invoegbedrijven</i> (legal scheme in extinction)	<i>Entreprises d'insertion</i> (EI)	<i>Entreprises d'insertion</i> (EI)
Work integration of people in difficulty on the labour market and development of proximity services	<i>Lokale diensteneconomie</i> (LDE)	<i>Initiative de développement de l'emploi dans le secteur des services de proximité à finalité sociale</i> (IDESS)	<i>Initiative locale de développement de l'emploi</i> (ILDE)

Support measures for WISEs in Flanders

In Flanders, three decrees passed, these last years, with the aim to provide specific support to social enterprises.

The so-called *Ondersteuningsdecreet* concerns the support to social enterprises beyond the sole areas of work integration and local services to include different forms of economic activities with social purposes and their connections with broader themes of sustainable development and corporate social responsibility. The decree aims to streamline public support while increasing effectiveness and efficiency. It provides the establishment of a committee for the social economy within the Flemish Social Economic Council, a large structure for collective support programs, targeted financial support, subsidies for management consultancy, support for innovation and CSR and scientific management courses.

A specific aim of the decree is to directly support social enterprises rather than a limited set of networks or federations. In this context, the former Flemish social enterprise network (VOSEC) was no longer subsidized. In order to organize the support for social enterprises, a call for tenders was issued to endorse the role of channelling the support of the Flemish government to the individual organisations, which can ask for support and consultancy under different forms. This public contract was awarded to In|C. The support was directed towards a broader scope of social enterprises including cooperatives and social entrepreneurs. However, the contract has not been renewed and this support organisation does not exist anymore.

Innovation in social enterprises is also supported by the Flemish Action Plan towards more ethical public procurement. Social innovation is being experimented with through the support of the European Social Fund. There was for instance a call for projects about innovative organisation of work. An example is the work being done concerning the theme of food losses. Another example of the concern for social innovation within the Department of Work and Social Economy is the work being done about complementary currencies.

The other two decrees are limited to work and social integration of vulnerable people.

A decree focuses on the "local service economy" (*Lokale diensteneconomie*), i.e., services that are provided at home (such as cleaning and gardening, occasional childcare) or in the neighbourhood (such as child or elderly care organized at the level of a neighbourhood) and that involve workers from disadvantaged target groups. Compared with previous legislation, the new decree organizes the support to workers in function of their distance with regard to the labour market. To this end, these enterprises—being associations, local public bodies or companies with a social purpose— develop integration programs. After a maximum of five (or exceptionally six) years of employment in the "local service economy", the vulnerable worker has to integrate in the regular labour market. This

step is prepared during the employment in the local service economy. The last step of such process is an internship with a potential regular employer. If the transition does not succeed, a more suitable measure for the target group employee has to be sought.

The other decree, regulating the work integration sector (*collectieve maatwerk*, "collective customized job"), was passed in 2013 and it has been applied since 2019. It replaced the regulations for sheltered and social workshops (*beschutte en sociale werkplaatsen*). The legal framework of *Invoegbedrijven* is in extinction. One of the goals of this reform was to extend the support provided to WISEs so as to target a broader spectrum of enterprises that facilitate work integration.

When the enterprise institutionalises the pursuit of inclusion goals (i.e., *maatwerkbedrijven* or WISEs), it must adopt a non-profit or a social purpose company status⁶ and have at least 65% of the workers (and at least 20 people) from disadvantaged target groups (people with disabilities, people with a psycho-social weakness or economically vulnerable people).

When it is a conventional enterprise that integrates disadvantaged target groups into work, it must create a department dedicated to support inclusion of at least five disadvantaged people (*maatwerkafdeling*).

This new framework pays a great deal of attention to the length of the stay of the vulnerable workers, which has to be adapted according the needs of each worker. After a thorough evaluation, target group employees can possibly move on to the regular economy, but they can also stay in this type of enterprises if their profile does not fit the regular labour market.

The Flemish government also provides grants for consultancy services by one of the recognized consultancy organisations for social enterprise. Besides this, the Flemish government:

- > has a scheme for investments in the infrastructure of sheltered workshops;
- > supports local authorities in developing a policy on social economy and CSR;
- > provides support for innovation through calls for innovation and start-ups;
- > invests in scientific research on social economy issues.

Support measures for WISEs in Wallonia

At the Walloon level, the support of social enterprises in their more market-oriented dimension (i.e., what corresponds to the "social economy" for Walloon policy-makers)

(6) This and other support measures described in section 4.2.3 have not yet been updated in light of the 2019 reform. This is the reason why there are references to the social purpose company status in their description.

is the competence of the Ministry of the Economy, Industry, Innovation and the Media. Nevertheless, due to the cross-thematic nature of this domain, inputs from and interactions with other ministers are regular, notably with the Ministry for Employment and the Ministry for Social Affairs. Between 2014 and 2017, the Minister of the Economy, Jean-Claude Marcourt, has given a new impulse to public policies on the social economy along three major lines. First, there has been a willingness to move from an "utilitarian" perspective regarding social enterprises as tools to help achieve public policy objectives (such as fighting against unemployment or illegal work) towards a support to social enterprises "as they are", because of their added-value within the socio-economic landscape (e.g., the capacity to mobilize new resources such as the financial and social participation of citizens). Secondly, related to the previous goal, regional authorities have sought to extend policies beyond the sole scope of WISEs, for example through stimulating cooperatives in various sectors. Finally, a third line of action has been to foster "transversality", i.e., to encourage social enterprises to access "traditional" economic incentives available to any company in the areas of entrepreneurship, consultancy, financing, etc. Only when the general incentives are not sufficient or adequate there is a willingness to devise adapted supportive mechanisms.

A decree regulating the social economy, initially adopted as soon as 1990, was redefined in 2008 with the following aims:

- > Recognize the social economy and integrate it in the Walloon legislation.
- > Provide legitimacy to social enterprises so that they can work on equal feet with other actors in the economy.
- > Better articulate the different supporting mechanisms and devices in the Walloon region, mainly WISEs (both integration enterprises for low-skilled and unemployed workers, and adapted work enterprises for people with disabilities), recycling and re-use social enterprises, proximity service development initiatives, consultancy agencies, and the Sowecsom funding agency (see next)
- > Better organize the representation of and concertation with the sector through the CWES (*Conseil wallon de l'économie sociale*) and ConcertES as the representative body.

The CWES is the interface for interaction between the government and the social partners, i.e., representatives of workers (unions) and employers. The administration of this interface is supported by the CESW (*Conseil économique et social de Wallonie*). The CWES gives advice on the government's policies in this domain, assesses the implementation of some of these policies, and gives an overall evaluation of the government's action. ConcertES is the umbrella organisations of social economy networks and will be further described in the section on networks.

Workers' integration is still one of the flagships of social enterprise in the Walloon region. WISEs are supported within public policies to integrate in the labour market people located far away from it, typically people with disabilities and low-skilled persons, long-term unemployed, referred to as, depending on the severity of their employability deficit, "disfavoured workers" (*travailleurs défavorisés*) or "very disfavoured workers" (*travailleurs gravement défavorisés*). Four decrees apply to specific types of WISEs, specifying the processes and conditions of recognition (agrément) and related subsidies.

A decree adopted in 2016 and executed in 2017, replacing the previous one from 2003, structures the work integration enterprises (EI, *entreprises d'insertion*). To be accredited as EI, the organisation must first be accredited as *entreprise d'économie sociale* according to the criteria of the CWES and have at least 50% of the workers from disadvantaged target groups. They receive a temporary support (between 12 and 24 months) for each disadvantaged worker according to his/her profile. The new decree is more demanding in terms of initial capital to be collected (18,600 EUR), governance rules (at least five members on the board that have no family bonds) and growth orientation. Indeed, the minimal number of workers for benefitting from subsidies for social coaching was raised from three to eight workers, and the maximum number of workers from 50 to 250 full-time equivalents. 80% of the EI are active in the field of voucher services (*titre-services*). The number of recognized organisations decreased due to the more demanding criteria included in the new decree and to the mergers between some organisations due to the increase in the maximum number of workers allowed. In 2016, there were 99 EI employing 5,000 workers in Wallonia.

Another organisational form associated with integration is the IDESS (*Initiatives de développement de l'emploi dans le secteur des services de proximité à finalité sociale*). Social enterprises recognized as IDESS based on the decree of 2006 offer to poor individuals and socially minded organisations a set of local services such as gardening and small refurbishing, which are too small to be relevant for the market or targeted by other supporting public policies. Beyond providing jobs to people excluded from the labour market and serving disfavoured clients, IDESS aim to reinforce social cohesion through proximity services. In 2014, there were 59 IDESS providing nearly 200 jobs.

A third type of WISE supported at the Walloon level is on-the-job training enterprises aiming to train low-skilled workers through a specific, previously not mastered job (this is referred to by the term *filière socio-professionnelle*). These WISEs were referred to EFT (*entreprises de formation par le travail*). Previously regulated through a specific decree, a new decree voted in 2017 broadened the scope of the supporting scheme, including the EFT within the umbrella of CISP (*centre d'insertion socio-professionnelle*). These CISPs can offer professional orientation, basic and/or vocational training. These courses are aimed at adults with low levels of education and jobseekers. They benefit from a subsidy calculated by multiplying the number of training hours by a single hourly

rate. In 2018, this rate was 15.20 EUR. Some of them are also engaged in economic activities and can be considered as social enterprises, but these economic activities have to stay below a certain threshold, used as a way to train low-skilled worker.

Finally, integration of workers with a physical and/or mental handicap is the core activity of the ETA (*entreprises de travail adapté*). ETAs are regulated within the Walloon Code for Social Action and Health adopted in 2014. The support to ETAs was provided by AWIPH (*Agence Wallonne pour l'Intégration de la Personne Handicapée*), which was recently integrated as a specific department for handicap within the newly created AViQ (*Agence pour une Vie de Qualité*). To benefit from subsidies and be recognized as ETAs, organisations must have a non-profit form or social purpose company status, focus on employing people with disabilities, and offer them adapted jobs that take advantage of their skills and provide them with training and professional development. In 2019, 55 ETAs provided jobs, mainly open-ended contracts, to more than 9,000 people, among which 70% were men. The sectors of activity in which ETAs are involved are very diversified.

There are also support measures for specific WISEs. Following a 2009 decree, updated in 2014, re-use and recycling WISEs benefit from regional subsidies depending on the amounts and types of goods recycled or re-used (garments, electronic devices, printer toners, construction materials, etc.).

Another, more transversal regulation area, dating from 2004 (and slightly extended in 2008), concerns the *Agences-conseil*, i.e., recognized support and advice structures for social enterprises (see section 4.5.3). Seven such agencies currently operate in Wallonia and receive a basic subsidy possibly augmented following the performances of the advice structure (e.g., in terms of number of projects followed, number of people receiving a job, etc.).

Finally, the Walloon Minister of the Economy currently prepares a set of measures to support the recuperation of failed (or failing) companies by their workers following the workers' cooperative model (known in French as the SCOP, historically *sociétés coopératives ouvrières de production*, recently renamed into the broader *sociétés coopératives et participatives*). These measures will involve information and education for workers, worker unions and employees, advice, and loans to workers.

Support measures for WISEs in Brussels

In Brussels, historically there has been a focus on work integration and proximity services. As in the other two regions, the first law on WISEs was adopted in the late 1990s and was followed by further supporting measures as well as a report defining the social economy in Brussels in 1999. This policy domain is specifically targeted by the Ministry of Economy and Employment. The support to social enterprises has, however, been extend beyond the sole WISEs in the "2025 Strategy" adopted in June 2015. Within this

strategy, "Objective 10", more particularly, aims to create a favourable ecosystem to the emergence and growth of social enterprises.

Based on a decree adopted in 2004, the Brussels region provides subsidies to EI (*entreprises d'insertion*) i.e., WISEs (for either long-term unemployed or people with disabilities) and ILDE (*initiatives locales de développement de l'emploi*), i.e., local development initiatives. The decree was updated in 2012. The EI must be organized as social purpose companies (since 2012) and the ILDE must be non-profit organisations. The 2012 decree also organized the advice and coaching for WISEs through a set of recognized structures such as Febecoop, SAW-B, Tracé Brussel, FeBIO (*Federatie van Brusselse Inschakelingsondernemingen*), L'Associatif Financier and FeBISP (*Fédération bruxelloise des organismes d'insertion socioprofessionnelle et d'économie sociale d'insertion*). In 2019, there were approximately 120 EI and ILDE representing more than 1,500 full-time equivalents.

As mentioned before, a new legislative framework has been voted for the accreditation of social enterprises in Brussels. This new decree includes aspects regarding work integration social enterprises but are still under construction. The Government will mandate accredited social enterprises to carry out integration programmes for workers particularly far from employment (target groups). This mandate will represent a service of "general economic interest" and will be carried out through a public procurement procedure.

Among other targeted supporting measures, we can cite, for example, the call for "Innovative and job-creating social economy projects" launched in 2015, the support to two advisory organisations (*agences-conseil*) and four "activity cooperatives", and projects to fight against discriminations. Moreover, the public social action centres have also received specific subsidies for helping unemployed people to find a job in social enterprises through the federal "article 60§7" measure.

Support measures for WISEs in the German-speaking community

In the German-speaking community, the support is focused on WISEs in the context of the competences for employment, received in 2000 and completed in 2016 as part of the regionalisation process. The social economy is supported by the Ministry for Employment. There is no specific decree for social enterprises but an old federal recognition measure for the EI (dating from 1999) is used. There are currently discussions to update the regulation and implement new supporting measures. The support is supervised by the Economic and Social Council (WSR) and implemented by the Ministry of the German Community (*Ministerium der Deutschsprachigen Gemeinschaft*) for 15 WISEs, all non-profit organisations. A platform called Social economy labour group (AKSÖ, *Arbeitskreis Sozialökonomie*) gathers the social enterprises, the employment agencies, and representatives from the government and from the Economic and Social Council (WSR). AKSÖ is involved in the design

and implementation of the social economy projects planned in the context of the "Regional evolution plan" of the German-speaking community.

Three types of services are organized for people excluded from the labour market. First, two WISEs are accredited to operate "psycho-social stabilisation" (*vorschaltmassnahme*) through recreational activities. Second, "integration project" (*integrationsprojekte*) consist of training schemes to improve the skills of the people. Third, WISEs provide stable employment for low-skilled and long-term unemployed and for people with disabilities. Not all the workplaces are stable because the employers have to work with "article 60§7" workers (sent by the public centres for social action) and other short-term contracts like SINE etc. This is a problem for them and they ask for other solutions to get subventions for long-term employment for the target-group. The first two services, in particular, are financially supported through European Social Funds.

EU-funded support measures for social enterprises

Support to social enterprises is also channelled through EU funds. The European social funds (ESF), first of all, are used at the regional level. In Wallonia, the 2014-2020 program has given rise to numerous projects related to social enterprise, for example a social innovation program (Agès, Progress and SAW-B), a cooperative incubator (Crédal), new actions to foster cooperative and social enterprise (PropagES), citizen-based participative funding (Febecoop), take-over and recovery of failing businesses by workers (PropagES and Syneco), etc.

In Flanders, the ESF are managed by a specialized public agency that launches the calls and coordinates the use of the funds. The contents of the calls are defined by the Flemish administration on various topics—for social enterprise, it is the *Afdeling sociale economie en duurzaam ondernemen* that provides the topics and contents. In the last ESF program, the administration proposed for example a specific call for projects on cooperative entrepreneurship that aimed to support projects of cooperatives in new fields of activity.

Another related project in the context of the Small Business Act carried by SAW-B, the Brussels-Capital Region and several other actors is COOPCity. This EU-funded (FEDER) project aims to create a space for collaboration between and visibility of several initiatives that promote cooperative, collaborative and social entrepreneurship. The creation of a common space for entrepreneurs and supporting structures aims to give more visibility to this type of entrepreneurship in Brussels and to foster the emergence of new projects.

In terms of INTERREG funds, several projects are closely associated with social enterprise and the social economy. For example, ConcertES developed two major projects to map and monitor social enterprises and exchange best practices across the Brussels region and the Nord Pas de Calais region (France). In 2016, the VISES project was launched

by a large consortium of initiatives including ConcertES, SAW-B, the Centre for Social Economy of the University of Liège, the Sociale Innovatiefabriek and many others, to work on the impact of social enterprises.

Finally, most universities and research centres benefitted from EU funding to research social enterprises, for example I-Propeller and Oksigen Lab working with the Katholieke Universiteit Leuven (KUL), Selusi, Seforis and Benisi; social innovation projects including the Université Libre de Bruxelles (ULB) and the University of Liège (ULg); and several projects related to specific fields of activity.

4.3. Public procurement framework

Another area of public support available to social enterprises is public procurement. The Belgian legislation allows for the inclusion of social, environmental and ethical clauses in public procurement. A federal decision (*circulaire*) dating of 2014 specifies the different schemes and avenues through which this can be achieved in practice. Thanks to this evolution, local, regional and federal public authorities have been authorized to require the compliance with a number of social and environmental criteria. In most cases, social enterprises are indirectly encouraged but the contract remains open to any type of provider including conventional enterprises. In some cases, however, contracts can be reserved for certain types of organisations, thereby directly favouring social enterprises (typically WISEs).

In Flanders, there is a Flemish Action Plan towards more ethical public procurement (managed by the *Afdeling sociale economie en duurzaam ondernemen*). It supports pilot projects for the adoption of ethical public procurement practices. In Wallonia, a decree dating of 2013 encourages local authorities to orient public procurement in a more sustainable way. For example, social, environmental and ethical clauses can be integrated in the definition of the public call for tenders, in the technical requirements, in the selection and attribution criteria, and in the clauses regarding the execution of the market. Several documents and facilitation tools have been proposed to both local authorities and social enterprises to facilitate this process. "Social clause facilitators" have also helped local authorities to introduce social clauses (training, sub-contracting to social enterprises, etc.) within construction contracts. In Brussels, social execution clauses have been supported through Actiris (the public employment agency).

Overall, thanks to the federal regulation and the supporting measures developed by the regions, the use of social and environmental clauses in public procurement is well developed in Belgium and leads to public authorities being an important client for social enterprises. In many cases, public contracts have gradually replaced public subsidies.

4.4. Networks

Networks and federations have developed to represent specific types of social enterprises, improve their support and recognition, provide services and foster mutual exchanges. They are organized around a specific organisational form, a field of activity, a combination of field and form, or a transversal multi-form and multi-sector approach.

4.4.1. Networks focused on a specific organisational form

Febecoop and Coopkracht (cooperatives).

4.4.2. Networks focused on a specific field of activity

Réseau Financement Alternatif and Hefboom (ethical and social finance), LDE-Koepel Lokale Diensteneconomie (local and proximity services in Flanders), Komosie (environmentally-focused Flemish social enterprises), Belgian Fair Trade Federation, Fietsenwerk (cycle repair and re-use), Ressources (recycle and re-use in French-speaking Belgium), Ronde Tafel Arbeidszorg (care employment in Flanders); etc.

4.4.3. Networks focused on field and form combination

Groep Maatwerk (former Beschutte Werkplaatsen), VLAB, Febrap and EWETA (adapted work for persons with a disability in respectively Flanders, Brussels and Wallonia); Atout EI and Vlaamsinvoegplatform (work integration enterprises in Wallonia and Flanders); SST (Samenwerkingsverband Sociale Tewerkstelling, former Sociale Werkplaatsen); FeBISP and FEBIO (socio-professional and work integration in Brussels); CAIPS, Aleap, Acfi, Aid and Lire et Ecrire, all working together within the Interfédération CISP; Coopac (activity cooperatives); Rescoop.be (renewable energy cooperatives); Fédérations des Maisons Médicales; LDE-Koepel Lokale Diensteneconomie (local and proximity services in Flanders); Federations of mutuals at the national level, etc.

4.4.4. Networks transversal to field and form

In French-speaking Belgium, ConcertES is the transversal platform of social economy networks officially recognized as the main representative of the sector in Wallonia and Brussels. ConcertES collects data on social enterprises of different types and helps voicing the political position of its member networks. ConcertES was set up by Febecoop (cooperatives) as well as Syneco and Solidarité des Alternatives Wallonnes et Bruxelloises (SAW-B), two networks providing training, raising awareness and producing analyses on social enterprise and the social economy. Another network worth mentioning is RES (Réseau des entreprises sociales), which gathers around 20 social enterprises of

different fields and forms promoting participative governance for workers. This also the aim of the recently created Union des Scops Wallonie-Bruxelles (USCOP), which takes its inspiration from the French SCOP model (workers' cooperatives).

In Flanders, there used to be an equivalent to ConcertES, called VOSEC. Since the 2013 decree, there is no such overarching umbrella structure any more. Consultation between the Flemish government and the more specific social enterprise networks and structures mentioned in the previous sections take place within the context of SERV (*Sociaal en Economische Raad van Vlaanderen*). Social enterprise representatives in this council include Coopkracht and Febecoop (networks of cooperatives), SST, Vlaamsinvoegplatform and Groep Maatwerk (WISEs), Hefboom (ethical finance), Komosie (environmental social enterprises), LDE (local and proximity services), De Punt and Starterslabo (activity cooperatives) and Fietsenwerk (cycle repair and re-use). If we consider the associative dimension behind social enterprise, we can also cite the network SOM (*Meerwaarde van Social Ondernemen* – "added-value of social entrepreneurship"), formerly VSO (*Verbond Sociale Ondernemingen*), which gathers non-profit organisations mainly in the sectors of healthcare, wellbeing, work and housing.

A few networks still operate at the national level. As mentioned in section 1 (background), for less market-oriented, non-profit social enterprises and mutuals in fields such as education, culture, healthcare and social services, the UNISOC (*Union des Entreprises à Profit Social/ Unie van social profit ondernemingen*) acts as a representative body of employers in the social profit sector. As already mentioned, this sector also has representative bodies at the regional level, which develop advocacy in each region and organize numerous training and networking activities: UNIPSO in Wallonia, VERSO in Flanders and BRUXEO in Brussels.

Besides focusing on less market-oriented sectors, a specificity of these networks with regard to the other ones mentioned earlier is their role of employers' representation. In the Belgian social dialogue, in which employment regulation is co-constructed by representatives of both employers and employees (i.e., worker unions). This dialogue is organized within commissions (*paritaire comités/commissions paritaires*) at the level of sectors of activity, the list of which is very precise. While it is useful to have specific employers' representatives within each sector (for example, work integration for people with disabilities), since social enterprises typically cross different sectors of activity, it is also meaningful to count on inter-professional networks that represent employers across various sectors, which is the case of UNISOC-UNIPSO-VERSO-BRUXEO at their respective levels. At the Walloon level, ConcertES also act as a representative body of employers, typically within the CWES.

Other less institutionalized structures and networks support more recently established social entrepreneurs across Belgium. First, the Belgian branch of the internationally active Ashoka was launched in 2007 and has been supporting a new social (most

often non-profit) entrepreneur each year (i.e., a total of 10). Ashoka is much involved in awareness-raising and events around social entrepreneurship and related topics such as co-creation between social enterprises and businesses.

Second, the ASBL Poseco launched the "Positive Entrepreneurs Network" in 2010 to foster exchanges among social entrepreneurs of different types, i.e., those of the first two models associated with the social economy, and the more market-based initiatives increasingly pursuing general interest objectives. In 2015, Poseco and the Positive Entrepreneurs Network celebrated their fifth anniversary and reinforced their advocacy mission to stimulate a stronger and more inclusive ecosystem for social entrepreneurs.

A third network, historically focused on CSR but increasingly involved in social entrepreneurship is The Shift. This network was created in June 2015 by the former sustainability networks KAURI and Business & Society Belgium to realize the transition towards a more sustainable society and economy, together with its members and partners. It is the national contact point for CSR Europe and the World Business Council for Sustainable Development and brings together some 350 organisations from various sectors: companies, NGOs and academic institutions, as well as government bodies and other societal players. The guiding principles for the SHIFT are the United Nations' Sustainable Development Goals (SDGs).

4.5. Research, education and skills development

4.5.1. Training and education

Education and training on social enterprise are developed at different levels.

First, several universities and higher education institutions have included courses and programs on social enterprise and related topics.

In 2011, the University of Liège (ULg) launched a full specialisation (60 ECTS) in Social Enterprise Management in the context of the Master's in Management (HEC Management School), consisting of 6 courses (30 ECTS), an internship and a master thesis. A one-year Executive Education program was launched for social enterprise practitioners in 2012. Several other courses include modules and classes on social enterprise at HEC and in other departments. *Académie des Entrepreneurs Sociaux* (HEC), together with three chairs on social enterprise, cooperatives and philanthropy (Cera, SRIW-Sowecsom and Baillet Latour Chairs) also develop awareness raising and provide practitioner-oriented training modules.

At the Université Catholique de Louvain (UCL), several courses on social enterprise and the social economy are taught (Master's in Economics and in Development, and open faculty in economic and social sciences – FOPES). Two chairs also support research and awareness raising on social enterprise and the social economy in the South (Chaire "Economie Sociale et Solidaire au Sud") and in the fight against poverty (Chaire "Les Petits Riens"). At the Louvain School of Management, a course in social entrepreneurship is included in the "Ethics in Business" Master's specialisation, and the topic is also taught in certain Entrepreneurship courses.

Since September 2019, a master in "économie sociale" has been launched jointly by the University of Liège (ULg) and the University of Louvain (Louvain). This is a one-year program combining management courses and socio-economic analysis in the field of social economy.

At the Katholieke Universiteit Leuven (KUL), the research centre on labour HIVA (*Hoger Instituut voor de Arbeid*) has developed a long-standing research tradition on work integration, cooperatives and the social economy. There has also been a growing interest from the side of management scholars, in particular through the coordination of the Seforis project in collaboration with I-Propeller and Oksigen Lab. The expertise on cooperative entrepreneurship was developed at the Katholieke Hogeschool Leuven through the Centre for Social and Cooperative Entrepreneurship supported by Cera. The research, however, has had little implications so far in terms of education and training. This is why a Knowledge Centre on Cooperative Entrepreneurship was born in 2015 to stimulate teaching (and research) on this issue at the Faculty of Business and Economics, with the support of Cera and the Boerenbond. Moreover, at the Faculty of Technology of KUL, one of the main areas currently dealt with by the "Leo Tindemans Chair in Business Model Innovation" is social entrepreneurship.

At the Université Libre de Bruxelles (ULB, Solvay Brussels School in Economics and Management), a course on social entrepreneurship and social innovation is taught at the Master's level and the topic is addressed in the Business Ethics course. Together with the University of Mons (UMons), where research and training on non-profit/social enterprise management has existed for several years, a "European Master's in Microfinance" was created in the context of the CERMi ("Centre européen de recherche en microfinance"). The program has been running for several years and attracts many international students. Moreover, in the Social Science department, two more practice-oriented programs at Master's and Executive levels have been developed in non-profit management.

At the Vrije Universiteit Brussel (VUB), a course on the micro-economics of non-profit organisations is taught in the Bachelor's in Applied Economics and a Chair in Social Entrepreneurship has recently been created, with research and teaching through CSR and entrepreneurship courses.

Antwerp Management School (AMS) and University of Hasselt (UH) have jointly launched an executive program in management in the social economy—understood, however, in the narrow sense of work integration initiatives. In the two universities, several professors have also developed a strong interest in social enterprise.

Other universities do not propose specific courses yet but witness and increasing interest from students and professors. At the University of Gent (UGent), regular activities related to social enterprise are organized and several scholars have demonstrated much interest in social enterprise and related topics in the departments of Management and Sociology. The Vlerick Business School established in different cities (Leuven, Gent, Brussels) also offers an annual Forum for Social Entrepreneurship, and ICHEC Business School in Brussels explore the social enterprise topic in several courses such as CSR, sustainable development and North-South relationships.

Social enterprise is also developed through courses and activities in higher education schools organizing professional bachelor's programs, mainly in social work. For example, in Flanders, Sociale School Heverlee and Katholieke Hogeschool Leuven, and in Wallonia, Institut Cardijn and HELMO offer one or several courses on social enterprise and the social economy for future social workers.

Second, several education and training sessions are also regularly organized by several networks and supporting structures. A non-exhaustive list of structures providing training under different formats includes Sociale InnovatieFabriek, Oksigen Lab, Escala, SAW-B, Unipso, Agès, Ashoka, etc. Three organisations have been particularly active in co-organizing events with universities and higher education schools: SAW-B ("Semaine de l'économie sociale" on several campuses), In|C ("Sociale economie op de campus") and Poseco ("Inspiration Days" at UGent, ULB and ULg).

Third, it is worth mentioning that the topics of social enterprise and the social economy are also increasingly promoted in secondary schools. Several organisations and supporting structures have developed projects with this target group, for example, in Wallonia, Terre, SAW-B and the *Agence pour l'Entreprise et l'Innovation* (AEI).

4.5.2. Research institutions and observatories

The universities mentioned above play an important role of observation of the emergence and development of social enterprise in Belgium. Most of the centres and professors conduct research on social enterprise as a whole, on specific topics (for example entrepreneurship, financing, HRM, governance, partnerships, public policies, etc.) or on specific fields of activity (e.g., cooperative entrepreneurship at KUL, microfinance and social finance at ULB, social and ecological transition, proximity services, fight against poverty and development at UCL, education and health at VUB, work integration at UGent and UHasselt, etc.).

Universities and higher schools are also much involved in making research available to field actors and the general public. For example, at the University of Liege, the *Académie des Entrepreneurs Sociaux* supported by CBC and three chairs (Cera, Sowecsom and Baillet Latour) regularly publishes reports to support practitioners and decision-makers. Through the "Baromètre des Entreprises Sociales en Belgique", the Académie also provides annual figures and trend analyses around social enterprise. On cooperatives, the Cera Chair at ULg and the new Chair created at the KUL provide more specific expertise.

Most networks and federations also have an observatory function, which is sometimes more explicitly formulated. For example, in French-speaking Belgium, in the context of an Interreg project together with the Nord Pas-de-Calais region, ConcertES has been running the "Observatoire de l'Economie Sociale" to collect annual data and analyses on the social economy through the "Etat des lieux de l'économie sociale".

In Flanders, research and monitoring of social enterprises is conducted by the regional administration, more particularly the "Steunpunt WSE" as well as the research service within the Department Work and the Social Economy.

More focused on the business approach to social enterprise, Oksigen Lab has also been involved in monitoring and researching social enterprises through several European projects: Selusi on social enterprise and open service innovations (2009-2012), Seforis ("Social Entrepreneurship as a Force for more Inclusive and Innovative Societies") (2012-2015), Benisi on "Scaling Social Innovation" (2013-2016), etc. Oksigen Lab and more broadly the Oksigen "ecosystem" have become an important reference in Belgium and in Europe regarding the new trends around market-oriented social entrepreneurship.

4.5.3. Advice, consultancy and skills development

A large number of structures also provide advice to social enterprises. For example, Oksigen Lab "offers a professional coaching trajectory, tailored to the specific needs of a social entrepreneur willing to start up or grow a social business" (Oksigen Lab website). Thanks to an insurance scheme, the tariffs of the coaching are adapted to each social entrepreneur.

In Flanders, the third decree specific to supporting social enterprises organizes and funds support and advice measures. Besides, the Flemish government provides grants for consultancy services by one of the recognized consultancies in the social economy (currently, Febecoop, Hefboom and Mentor). Another key advisory structure active in Flanders is the Sociale InnovatieFabriek.

In French-speaking Belgium, advisory structures are publicly regulated as *agences-conseil* by a decree passed in 2004 (and currently actualized). There are currently seven *agences-conseil*, most of which are related to a network or funding structure:

Agès, Crédal Conseil, Febecoop, Progress, PropagES, SAW-B and Syneco. These seven agencies play a very important role in supporting both nascent and established social enterprises and lead them to better achieve both their social and economic goals. The *agences-conseil* have also been recognized as important actors for the "economic animation" of the territories to stimulate economic redeployment. To do so, they are encouraged to build partnerships with the regional agency for enterprise and innovation (AEI).

Finally, it is worth mentioning that traditional consulting agencies are increasingly interested in supporting social enterprises. This is also the case of agencies supporting HRM administration (*sociale secretariaten/secretariats sociaux*). For example, the *secrétariat social* organized by the French-speaking business network "Union des Classes Moyennes" (UCM) has created a specific unit for social enterprises.

4.5.4. Incubators

There is currently no specific social enterprise incubator in Belgium, although several initiatives play an incubation role. Oksigen Lab, in particular, devotes particular attention to start-up social enterprises and provides them with funding (through the SI2 fund) and advice. The Sociale InnovatieFabriek supports several emerging projects, most of which can be seen as social enterprises.

Other structures that play an incubation role are the "activity cooperatives" that are themselves considered as social enterprises but that incubate projects that are not necessarily socially entrepreneurial. Activity cooperatives include Gusto, De Punt, Go-Actief and Co & Go in Flanders; Dies, Job Yourself and Bruxelles Emergences in Brussels; and Azimut, Avomarc, Challenge, Start Construction, and Step by Steppes in Wallonia. The latter cooperative is run by Agès and includes a growing part of social enterprises. "De Punt" is more than an activity cooperative and is involved in advice and incubation. Other incubators in Flanders are "De Kempische Brug" and "Trividend".

Finally, other entrepreneurial incubators have social enterprises among their supported projects, for example Cide-Socran, and student entrepreneurship incubators such as Solvay Entrepreneurs (ULB) and the Venture Lab (HEC Liège).

4.5.5. Knowledge exchange and facilitation

The transversal networks and supporting structures mentioned before, such as ConcertES and its member structures, play an important role in learning and exchange among social enterprises. More recent actors such as the Positive Entrepreneurs Network and Ashoka also play an important role, however compared with the social economy networks they focus much more on individual entrepreneurs and less on the whole organisational setting and its internal decision-making rules and power division.

Several on-line platforms have also been created to enable information sharing, most often focusing on the social economy (e.g., socialeconomie.be, economiesociale.be, etc).

Support structures have also developed advice to facilitate the interaction of Belgian social enterprises with the EU level. For example, "Kenniscentrum Sociaal Europa" is a support unit set up by several Flemish networks of social (or "social profit") enterprises to provide support in European funding, networking and regulation. At the European level, it is also worth mentioning the increasing role of "think tanks", or "think and action tanks", in terms of research and advocacy. One important Belgium-based actor operating at the EU level is "Pour la Solidarité", which is involved in numerous research projects and awareness-raising events related in various ways to social enterprise and the social economy.

4.5.6. Prizes and awards

Several prizes and awards have been created to highlight successful or inspiring social enterprises. In French-speaking Belgium, for several years now, the Social Economy Prize (*Prix de l'Economie Sociale, formerly Roger Vanthournout Award*) rewards four innovative and societally relevant social enterprises (two emerging and two established). The Prize is jointly organized by Agès, Cera, Crédal, Quelque-chose à faire and SAW-B, with the financial support of Cera, Crédal and the regional governments of Brussels and Wallonia. UNIPSO organizes the Social Innovation Award to reward three non-profit organisations that are highlighted as particularly socially innovative.

In Flanders, in the context of a European Social Fund program, social enterprises are highlighted each year as ESF-Ambassadors. Another interesting recent initiative is the "Radicale Vernieuwers Award". This award is organized by De Standaard (a major newspaper) and the Sociale InnovatieFabriek, with the support of Cera, Coopburo, IWT, the King Baudoin Foundation and the Flemish Government. It aims to support people who develop radical innovations to answer pressing societal needs.

Another scheme deserving attention is the "Sustainable Partnerships Award" organized by The Shift—however this award is not aimed towards social enterprises but rather to a broader set of organisations related to the civil society.

Several awards are also given for the best university master's thesis in this domain: "Prix de l'Economie Sociale" including the publication of the thesis as an e-book by the publisher Luc Pire; and "Student Positive Economy Award" by Poseco. Other awards exist for specific sub-domains, for example the HERA Cooperative and Sustainable Entrepreneurship Award funded by Cera and organized by the Fondation des Générations Futures/Stichting voor Toekomstige Generaties.

4.5.7. Connectors with the business world

The connections between social enterprises and the world of conventional enterprises are of particular interest to the more recent social enterprise and social entrepreneurship supporters. Structures such as Ashoka, Poseco and the Sociale InnovatieFabriek for example, aim to put social and "classical" entrepreneurs in touch with each other. Ashoka is particularly involved in promoting "Co-creation", i.e., joint social innovation resulting from the collaboration between social enterprises and businesses. Oksigen Lab also organizes mutual coaching and advice schemes to foster exchanges between the two "worlds". The SHIFT also organizes networking events, thematic workshops, and other inspirational events (such as the already mentioned "Sustainable Partnerships Award") in order to allow co-creation for societal value between companies, NGOs and other organisations. In view of that the Department of Work and Social Economy also calls for innovation projects on an *ad hoc* basis.

Many other contacts exist at the inter-organisational level without necessarily being managed by a third-party structure. Buyer-seller contracts, in particular, have the potential of becoming long-term partnerships in fields such as fair trade (for example with cases such as Oxfam Fair Trade and Ethiquable), integration of low-skilled workers and people with disabilities, and sustainable food.

4.6. Financing

4.6.1. Demand for finance

Social enterprises need financing both to cover operational costs and in terms of capital and loans for investments. These needs are important at the time of creation but even more in periods of growth and development. Indeed, while collecting a few dozens or even hundreds of thousand euros to launch the activity is not out of reach for social enterprises relying on a solid business plan, it is more difficult to convince funders to provide more important amounts such as millions of euros. Banks, in particular, remain cautious when funding projects that are neither totally market-based nor totally out of the market.

During the creation of social enterprises, there seems to be a difficulty in collecting funding for the manager's salary. As innovative social enterprises often operate in emerging fields with little market maturity (e.g., organic food, fair trade, etc.), the break-even point is longer to reach. Yet, expenses must be covered whilst awaiting for sales to grow. Since the social entrepreneurs are not supposed to fully appropriate the future profits, it may be more difficult for them to sacrifice their revenues in the hope of future

gains. Regarding balance funding, according to a recent study (Mertens and Marée 2012), Belgian associations are very cautious in terms of investments and thus credits.

Except for a few activities and investments such as real estate, social enterprises often take risks similar to other economic activities that make funders cautious. But, because of their social mission, social enterprises also often need funding for activities that cannot be covered totally by a market price and thus require specific funding.

Social enterprises organized as associations and foundations and corresponding to the "entrepreneurial approach to the general interest" model generally supply collective services that, by definition, require collective funding. As the social challenges are increasingly pressing (e.g., migration, elderly care, environment, exclusion, etc.) and public funding is rarely increasing, social enterprises of this type need to diversify their income sources and maintain the support of funders committed to their collective services.

Finally, a number of social enterprise activities related to stakeholders' awareness raising (workers, consumers, suppliers, etc.) and lobbying of public authorities cannot easily be funded. Stakeholder support, however, is key to the long-term success of the social enterprise. For this and other reasons, social enterprises tend to join into networks to collectively promote their distinctive model at the same time as running their own organisations.

4.6.2. Supply of finance

The financing needs of social enterprises are not fundamentally different from SMEs and, therefore, classical financial instruments may in some cases be relevant and sufficient for social enterprises. In other cases, however, when the pursuit of the social mission affects the business plan and requires specific non-market resources (such as volunteering and donations), more tailored instruments are needed. In Belgium, several public and private financing schemes have been developed over the last years and together they form a rich supply ecosystem.

Grants

Grants for social enterprises are mainly provided by foundations such as the King Baudouin or the Philipson Foundations, and by networks such as Ashoka. Private grants are also collected through crowdfunding via platforms such as Kisskissbankbank and the newly created Oksigen Crowd, now part of Gingo. The Belgian market for crowdfunding is very small but has slowly started to grow and while there are no platforms specifically targeted at social enterprises, a number of initiatives do provide financing for projects with social aims (which could include social enterprises). The Belgian authority for financial services and markets (FSMA) has provided specific advice to potential users of crowd funding, directing them to relevant legislation and explaining the risks involved.

Public grants are also available for start-up social enterprises, for example in the context of the Bruxell-ES program in Brussels, or through the Agency for Enterprise and Innovation in Wallonia.

Public social investors

In Flanders, two publicly supported investment schemes exist. The Social Investment Fund (*Sociaal Investeringsfonds* – SIFO) was set up in 2009 as a co-financing fund with recognized financial partners Trividend, Hefboom and Netwerk Rentevrij, of which the former two are still operational. It increases the possibilities for social economy enterprises to obtain investment loans, working capital loans, bridge loans and subordinated loans. The recognized partners are accredited investors who administer applications for "solidarity co-financing" by SIFO for up to 100,000 EUR and less than 50% of the total loan (the other part is supplied by Hefboom or Trividend).

The Flemish Participation Fund (*Vlaams Participatiefonds*, Trividend) was set up in 2001 as a capital investor for social entrepreneurs, both corporations and non-profit organisations. Trividend offers temporary capital participations and subordinated loans for up to 150,000 EUR and less than 50%. Moreover, it also offers risk management, management support and follow-up.

In Wallonia, the public agency in charge of investing in social enterprises is the Sowecsom (*Société wallonne d'économie sociale marchande*). The Sowecsom is a subsidiary of the SRIW (*Société régionale d'investissement en Wallonie*) specifically devoted to supporting market-oriented social enterprises through funding (loans and capital investment). The Sowecsom was created in 1995 and has since then supported more than 200 social enterprises, among which more than one hundred starting organisations. The support is available to all social enterprises complying with the criteria of the social economy as defined in the 2008 decree and accepted by the credit committee and the board of directors. Moreover, support to specific social enterprises (ETA and EFT) has been delegated by the Walloon region.

In 2015, through the Sowecsom, a specific support program for new cooperatives, called "Brasero", was created. Brasero financially supports emerging cooperatives in parallel with their own capital collection through members. In other words, Brasero doubles the capital collected by the cooperatives, provided that a set of conditions are complied with. Other public policies and funding measures have been developed to support social enterprises in specific sectors such as work integration, fair trade, short supply chain farming, proximity services and recycling/re-use. The program was further reinforced in 2016 and given more visibility.

Finally, in Brussels, the regional public investment company (*Société régionale d'investissement de Bruxelles* – SRIB) has located the support to EI and ILDE in its subsidiary focused on SMEs, BRUSOC. BRUSOC provides loans to EI and ILDE (up to

75,000 EUR) as well as cash flow loans. BRUSOC works together with a set of local agencies to interact with SMEs and social enterprises.

Private social investors

Private social investors are of different types. Social and ethical financial institutions have long been supporting social enterprises in different sectors:

- > Crédal, a cooperative active in Wallonia and Brussels, was set up in 1984. Thanks to the shares of more than 360 members and funding from institutions, Crédal has a fund of more than 31 million EUR at its disposal to provide loans to social enterprises but also to individuals. In 2015, 2,449 credits were granted totalling nearly 30 million EUR.
- > Hefboom is a cooperative active in Flanders and Brussels that was set up in 1985. It provides investments in different forms. In 2015 it provided 360 credits to 40 cooperatives, 70 WISEs, 50 other non-profit organisations and 150 starting social entrepreneurs, totalling 22.5 million EUR. Hefboom also provides advice to social enterprises and more particularly cooperatives regarding the interaction with their members.
- > Incofin Investment Management CVA has 300 shareholders, invests in 10 microcredit institutions and operates worldwide.
- > Oiko-Credit 2009 start-up capital was 4.5 million EUR, operating worldwide and mainly active in the sectors of micro credit, fair trade, cooperatives and SMEs.
- > Socrowd is a social purpose cooperative itself and offers loans to initiatives "with added value for society". It has currently funded over 100 projects for 3.3 million EUR.

New types of social investment funds seeking both social and financial returns have also developed, such as:

- > King Baudouin Foundation, a public welfare foundation set up in 1976, provided 22.3 million EUR in 2012 to organisations and individuals mainly located in Belgium (80%). About 21 million EUR was provided through grants and the rest in loans and equity.
- > SI² Fund, an impact investment fund set up in 2012 with the mission to generate high social impact and a fair financial return through sustainable investments in social enterprises.
- > Oksigen Accelerator is an "insurance" fund of 100,000 EUR that helps lower access to professional coaching of social enterprises and ensure result-oriented coaching.
- > KOIS Invest, another impact investor set up in 2010. It invested about 5 million EUR in "high impact companies" in equity (Belgium and its bordering countries as well as in India).

- > Oya Seed provides impact funding (loans or equity) to starting social enterprises.
- > Bank Degroof Foundation encourages entrepreneurship and has a few programs that include elements of social entrepreneurship support. It includes the "Brussels Pioneers" that was founded in 2005, an incubator supporting women entrepreneurship and focused on "project with economic potential and creators of sustainable employment".

Banks

Triodos Bank's Belgian branch was set up in 1993. In 2015, it counted 122 workers and more than 66,000 clients. At the European level, Triodos had a capital of 781 million EUR and more than 7.2 billion EUR of deposits. In 2015, Triodos Belgium had 1.5 billion EUR of deposits, 1.1 billion EUR out of which were transformed into 2,875 credits in the areas of social enterprise, renewable energy, sustainable housing, health and education.

A second initiative worth mentioning is a "bank-in-being" called NewB. NewB is a cooperative bank currently under construction and supported by more than 100 civil society actors and about 50,000 citizens-shareholders. NewB aims to collect deposits from citizens and institutions and invest them in projects with high social and environmental added-value, including social enterprises.

Finally, it should be noted that traditional banks are increasingly interested in supporting social enterprises. CBC and BNP Paribas Fortis, in particular, have developed specific units and support schemes for these organisations.

Social impact bond

The first Social Impact Bond in Belgium was launched in April 2014. This new Social Impact Bond brings together actors from the public sector (Actiris, the Brussels agency for employment), a non-profit (Duo for a Job) and social investors (gathered by Kois Invest) in a quest for a common objective: the reduction of unemployment among young migrants in Brussels. Brussels-based "Duo for a Job" has been selected to serve that objective and will benefit from the capital raised via this new financing mechanism. Duo for a Job's innovation is a new approach to professional insertion of youth with a migrant background: migrant jobseekers are "matched" with experienced local retirees, and the so-called "duos" work together during a period of six months to connect the migrant to local networks and help him/her find a professional opportunity. The Brussels region will pay back the private investors to the extent that the social goals have been achieved in terms of integration of migrants on the labour market.

4.6.3. Market gaps and deficiencies

The number and scope of social finance providers have largely increased over the last years. Beyond the specific needs of social enterprises in times of growth, it can be said that this increase in social finance was more the result of the willingness of several actors to support social enterprises in new ways. Hence, the issue is not so much the lack of funding but more the lack of new and convincing projects as well as the growth prospects of existing actors.


Several funding initiatives, instead of just replying to a pre-existing demand, also aim to stimulate the emergence and consolidation of social enterprises. For example, the Impulcera (until 2014) and Bruxell-ES programs specifically aim to support the emergence of social enterprise through funding feasibility studies and business plan writing. Brasero aims to foster the emergence of new citizen-based cooperatives. Grants given by networks such as Ashoka aim to support the social entrepreneurs in the early years, as do institutions such as Crédal. Other social finance institutions and funds rather target the consolidation and growth of existing social enterprises. Sowecsom, Brusoc and Triodos correspond to this aim, as do more recent funds such as KOIS Invest and SI2 Fund.

Overall, it is not too difficult for social entrepreneurs to find access to financial support. However, the finance supply does not always entirely fit with their needs. With regard to traditional business funding, social enterprises are required to demonstrate solid economic ground, however internally and with regard to other stakeholders they need to combine their economic development with continuous social added-value. This can be challenging to explain to traditional banks and financial institutions. With regard to funding for social activities, social enterprises may be hampered by the fact that, unlike non-profit organisations relying totally on subsidies and donations, social enterprises also generate at least partially their own revenue. Hence, when applying for support, social enterprises may "fall between two chairs" and may end up with no support at all. However, the supply of specific funding that takes into account this double bottom line has increased dramatically over the last years and most social enterprises can now count on funding possibilities tailored to their needs.

5

PERSPECTIVES

This fifth and final section discusses some debates, obstacles and opportunities around social enterprise in Belgium. Four trends and challenges are discussed: diversification, market recognition, social impact and communication/visibility.



Without aiming to be exhaustive, this section reviews some debates, drivers, obstacles, trends and challenges to the development and diffusion of social enterprise in Belgium.

5.1. Overview of social enterprise debate in Belgium

An implicit but important debate regarding social enterprise in Belgium lies in the different conceptions of and visions behind social enterprise. The emergence of more recent, market-based approaches to social enterprise and social entrepreneurship, widely diffused through appealing communication strategies, has initially not been welcomed positively by established "social economy" networks. Some criticism was expressed towards the new wave of social entrepreneurship supporters, suspected of favouring appealing communication efforts at the expense of in-depth action and critical sense. In particular, the enthusiasm about social entrepreneurs being able to solve all social problems was seen as rather naive and potentially problematic for the legitimacy of the role of the state as the guarantor of the general interest. Other concerns related to these actors' exclusive focus on market-based discourses, tools and resources; focus on individual "heroic" entrepreneurs instead of collective action anchored in broader networks in the civil society; and too broad definitions, lacking clear boundaries and more particularly organisational guarantees of the primacy of the social mission.

Several social economy networks thus perceived these new concepts and their supporters as a threat to the understanding of and support to social enterprises as an alternative to be differentiated from the mainstream for-profit business realm.

On the other hand, more recent social entrepreneurship networks had concerns about the established actors for being too restrictive in their definitions (typically in terms of legal form and governance), too dependent on subsidies and other types of public support, too focused on particular social aims (such as the integration of low-skilled workers), too rigid when it comes to generating innovative solutions to contemporary social needs, and too reluctant to legitimize and enter into dialogue with the new approaches. Beyond this mutual suspicion, however, exchanges and collaborations have recently increased and led to some recognition of the complementarities and possible synergies. The social entrepreneurship networks more explicitly recognized the importance and expertise of established social economy actors, while the latter realized to a certain extent how new actors can offer an opportunity to give more visibility to the sector and to introduce and connect different actors across traditional sector borders (typically with the business sector). Nevertheless, important differences remain in terms of emphases and "political" visions.

Another debate concerns whether the way in which social enterprises deal with societal challenges complements the action of the State in a win-win perspective, or if, on the contrary, it represents a threat to the general interest and contributes to privatisation dynamics at the expense of public action. This debate is visible in fields such as education, proximity services, healthcare, etc. It may even happen that certain social enterprise initiatives are supported by stakeholders with opposing views on this matter. Hence, whilst social enterprise can form a bridge between different sets of previously disconnected stakeholders, it can also hide fundamental political divergences.

The recent change in the law of companies and associations confirms the close connection between social enterprises and the social economy. Two recent changes have implications on the social enterprise field. First, associations are now allowed to develop any type of economic activity even as their main activity. The income generated by these economic activities has to be allocated to the achievement of their disinterested purpose. Second, the accreditation of social enterprise is now available only for cooperatives.

Moreover, in terms of numbers, based on the EU operational definition of social enterprise, the overwhelming majority of social enterprises use legal frameworks typical of the social economy and most of them could be considered as social enterprises.

5.2. Constraining factors and opportunities

Several factors can be identified that favour the development of social enterprise in Belgium as such and in comparison with other notions and realities.

First, for more recent actors with a more market-oriented approach, social enterprise appears as a slightly more flexible and legitimate notion than the social economy, which is associated with a limited set of legal forms with precise governance arrangements. Moreover, as social enterprise refers to the organisational level, it is a more flexible concept that may appear more accessible for other organisations (e.g., small businesses). Indeed, in their eyes it does not necessarily require to adhere to a structured and regulated "sector", as the idea of the social economy implies.

On the other hand, some networks and actors of the social economy have also embraced the social enterprise notion to display a more modern, entrepreneurial approach with regard to a perceived legitimacy deficit—a phenomenon well described in the literature (e.g., Dart 2004). The term social enterprise has also been favoured in some occasions as a shorter and thus more communicative version than "social economy enterprise". Indeed, it should be noted that social economy networks have integrated the term

"social enterprise" in their discourse. They often use interchangeably "social economy enterprises" and "social enterprises".

Finally, the international context also plays a role in that, except for a few countries in "Latin" Europe, Latin America and Canada, tends not to use the notion of "social economy". In the European context more particularly, the term of social enterprise emerges as a common umbrella for the diverse roots and approaches. This may be an opportunity in Belgium to identify a common phenomenon across internal differences in cultures, regional contexts and approaches.

In spite of these drivers, there are also several obstacles that hinder the development of the concept of social enterprises in Belgium.

First, the different types of organisations concerned by this notion do not necessarily identify themselves as such. Rather, they tend to identify themselves with the field of activity in which they are involved (e.g., ethical finance, fair trade, renewable energy, etc.) and/or with the precise organisational form they embody. Cooperatives, in particular, affiliate themselves with the cooperative movement and its related federative structures (e.g., Febecoop in Belgium). Non-profit social enterprises involved in sectors traditionally associated with the general interest, such as education and health, have also tended to gather either in sector-based federations and networks, or in "social profit" federations. Hence, there is a lack of global and transversal vision of social enterprise across different forms and fields of activity.

Moreover, the structuration of the political action also emphasizes this distinction between different sectors of activity as well as, typically, between the "economic" and the "social". Social enterprise has tended to be restricted to specific public policies, although the more recent developments of political action in Flanders, in Brussels and in Wallonia have tended to acknowledge and support social enterprises in their diversity.

Such practice and political segmentation is also reinforced in a country such as Belgium in which there is a rather clear divide in the media and in the public opinion between the "market" sphere on the one hand (understood as "for-profit business") and "non-market" on the other hand (public and non-profit sector). Hence, all what lies in the "grey zone", on the boundary between the "profit/marchand" and the "nonprofit/non-marchand" has more difficulties to gain recognition beyond the smaller group of experts and supporters.

5.3. Trends and future challenges

There are numerous trends and challenges for social enterprises in Belgium. Instead of an exhaustive overview, we focus here on four of them: diversification, market recognition, social impact and communication.

Diversification

First, there is a growing recognition by public authorities and other stakeholders that social enterprise should not be restricted to a specific organisational form or sector of activity but that it should appear as an umbrella notion for a broad scope of initiatives. The evolution of public policies in Flanders (e.g., *Ondersteuningsdecreet*), in Wallonia (e.g., Sowecsom funding) and in Brussels (e.g., the social enterprise accreditation) is indicative of this trend. In this context, the organisational focus of the social enterprise notion facilitates the understanding of an organisational type that lies across virtually all socio-economic sectors (e.g., education, health, social services, energy, agriculture, finance, manufacturing, retail, etc.). Nevertheless, despite this recognition, for concrete matters of support, regulation, or funding, social enterprises are still likely to find themselves working at the crossroads of several policy areas (e.g., education and environment). When applying for support in these policy areas they often "fall between two chairs" and may end up with no support at all.

Market recognition

Aiming for social impact and often relying partly on non-market resources such as subsidies and donations, social enterprises are not always considered as "true businesses" in spite of their important economic relevance. Social entrepreneurs often report that the challenge of being both economically sustainable and socially relevant requires even more innovation and professionalism than in conventional enterprises. At the macro level, especially in sectors such as health, education, social services etc., social enterprises may be associated with costs and seen as dependent on the "market" economy in spite of the major economic added-value of their products and services. There is thus a major challenge for social enterprises and their supporters to be recognized as genuine enterprises that contribute to the broader economy.

Social impact

Another key trend (and challenge) for social enterprises is the demonstration of their social impact. Funders as well as other stakeholders increasingly require social enterprise to demonstrate precisely what added value they can bring in developing solutions to social needs. This may be a complex and costly process for social enterprises taken

individually, which is why networks and federations, together with support structures and universities, have started exploring the most relevant ways to measure and communicate their social impact. Instead of a common cross-sector measure such as the social return on investment (SROI), more tailor-made and multi-indicator measures have been favoured. Among the actors who have explored this issue, we can cite Oksigen Lab, the Sociale InnovatieFabriek as well as the consortium including amongst others ConcertES, SAW-B, the *Académie des Entrepreneurs Sociaux* and the Ciriec at the University of Liège, and developing a social impact measurement methods within an Interreg project ("VISES").

Communication and visibility

Finally, an obstacle in terms of visibility and communication is the fact that several terms still co-exist and are each supported by specific actors, leading to a set of scattered communication actions that fail to successfully diffuse either of these notions. Social enterprise indeed co-exists with the social economy, social or societal entrepreneurship, social profit, positive economy, etc. This variety of terms is a challenge when communicating to the media and the general public. Several social enterprise networks and support structures have started working together to assess how this challenge could best be overcome. Much energy is certainly required in order to educate and sensitize the Belgian society about the importance and relevance of social enterprise.

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.⁷

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).

(7) 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. 	<p>Primacy of social aim must be clearly established by national legislations, by the statutes of SEs or other relevant documents.</p>	<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. Reference list

- > Académie des Entrepreneurs Sociaux (2016), *Baromètre des Entreprises Sociales en Belgique*, Académie des Entrepreneurs Sociaux, HEC-Ecole de Gestion de l'Université de Liège, Liège.
- > Apere (2014), "Eolien participatif: statistiques", 2014:29/08/2014. Banque Nationale de Belgique (2017), *Le poids économique des Institutions sans but lucratif en Belgique*.
- > Bayot, B. (2011), "Les coopératives d'épargne et de crédit.", in M.-C. Collard (Ed.), *Coopératives, un modèle tout terrien. Les dossiers de l'économie sociale n° 05*, Monceau-sur-Sambre, 128-139.
- > Bayot, B. (2012), "Finance intelligente et solidaire", in *Crise financière et modèles bancaires*, Réseau Financement Alternatif, Bruxelles.
- > Becchetti, L. & Huybrechts, B. (2008), "The Dynamics of Fair Trade as a Mixed-form Market", *Journal of Business Ethics*, 81:4, 733-750. Dart, R. (2004), "The legitimacy of social enterprise", *Nonprofit Management & Leadership*, 14:4, 411-424.
- > Defourny, A., Henry, A., Nassaut, S., Defourny, J. & Nyssens, M. (2008), *Performance evaluation and legitimacy of the third sector: the case of the Belgian domiciliary care quasi-market*, HEC-ULg Working paper 200807/02., HEC Management School, University of Liege.
- > Defourny, J., Develtere, P. & Fonteneau, B. (2000), *Social Economy North and South*, Katholieke Universiteit Leuven, Leuven.
- > Defourny, J., Henry, A., Nassaut, S. & Nyssens, M. (2010), "Does the mission of providers matter on a quasi-market? The case of the belgian 'service voucher' scheme", *Annals of Public and Cooperative Economics*, 81:4, 583-610.
- > Defourny, J. & Nyssens, M. (2017), "Fundamentals for an International Typology of Social Enterprise Models", *Voluntas: international journal of voluntary and non-profit organizations*, 28:6, 2469-2497.
- > Defourny, J., Simon, M. & Adam, S. (2002), *The Cooperative Movement in Belgium: Perspectives and Prospects*, Luc Pire, Brussels.
- > Dujardin, A. & Mertens, S. (2008), "Les coopératives agréées en Belgique : une perspective macroéconomique", in W. Van Opstal, C. Gijssels & P. Develtere (Eds.), *Entrepreneuriat coopératif en Belgique. Theories et pratiques*, Acco, Leuven.
- > Esping-Andersen, G. (1999), *Social foundations of postindustrial economies*, Oxford University Press.
- > Gardin, L. & Nyssens, M. (2010), "Les quasi-marchés dans l'aide à domicile : une mise en perspective européenne", *Annals of public and cooperative economics*, 81:4, 509-536.

- > Gijssels, C., Coates, A. & Deneffe, P. (2011), *Coöperatieve antwoorden op maatschappelijke uitdagingen*, Onderzoek in opdracht van het VIONA-programma van de Vlaamse overheid, beheerd door het Departement Werk en Sociale Economie, Leuven.
- > Henry, A., Nassaut, S., Defourny, J. & Nyssens, M. (2009), *Économie plurielle et régulation publique : Le quasi-marché des titres-services en Belgique*, Academia Press, Gand.
- > Huybrechts, B. (2012), *Fair Trade Organizations and Social Enterprise. Social Innovation through Hybrid Organization Models*, Routledge, New York.
- > Huybrechts, B. & Mertens, S. (2014), "The relevance of the cooperative model in the field of renewable energy", *Annals of Public & Cooperative Economics*, 85:2, 193-212.
- > Huybrechts, B., Mertens, S. & Rijpens, J. (2014), "Explaining stakeholder involvement in social enterprise governance through resources and legitimacy", in J. Defourny, L. Hulgard & V. Pestoff (Eds.), *Social Enterprise and the Third Sector: Changing European Landscapes in a Comparative Perspective*, Routledge, London & New York.
- > Huysentruyt, M., Kint, A. & Weymiens, S. (2013), *Mapping of social enterprises in Belgium*, I-Propeller, with support of the King Baudoin Foundation.
- > Lemaître, A. & Nyssens, M. (2012), "Les entreprises sociales d'insertion en Belgique, région wallonne", in L. Gardin, J.-L. Laville & M. Nyssens (Eds.), *Entreprise sociale et insertion. Une perspective internationale*, Desclée de Brouwer, Paris, 157-184.
- > Mertens, S., Bosmans, P. & Van de Maele, C. (2008), *Entrepreneuriat Coopératif: Coup de projecteur sur une économie humaine*, Conseil National de la Coopération, Bruxelles.
- > Mertens, S. & Marée, M. (2012), *Comment se finance le secteur associatif? Enseignements d'une recherche empirique menée en Belgique francophone*, Working Paper, Centre d'Economie Sociale, Université de Liège, Liège.
- > Nassaut, S., Nyssens, M. & Henry, A. (2008), "Enjeux d'une coexistence de prestataires à finalité sociale et lucrative, suite à l'introduction, en Belgique, d'un quasi-marché dans le champ des services de proximité", *Impresa Sociale*, 2008/3.
- > Nyssens, M. (2008), "Belgium", in J. Defourny & M. Nyssens (Eds.), *Social Enterprise in Europe: Recent Trends and Developments*, EMES European Research Network, Liège.
- > Périlleux, A., Hudon, M. & Bloy, E. (2012), "Surplus Distribution in Microfinance: Differences Among Cooperative, Nonprofit, and Shareholder Forms of Ownership", *Nonprofit and Voluntary Sector Quarterly*, 41:3, 386-404.

- > Salamon, L. L., Sokolowski, S. W. & List, R. (2003), *Global Civil Society: An Overview*, Johns Hopkins Center for Civil Society Studies, Baltimore.
- > Van Opstal, W., Gijselinckx, C. & Develtere, P. (Eds.) (2008), *Entrepreneuriat coopératif en Belgique. Théories et pratiques*, Acco, Leuven.

Getting in touch with the EU

In person

All over the European Union there are hundreds of Europe Direct Information Centres. You can find the address of the centre nearest you at: <http://europa.eu/contact>

On the phone or by e-mail

Europe Direct is a service that answers your questions about the European Union. You can contact this service

- > by freephone: 00 800 67 89 1011 (certain operators may charge for these calls),
- > at the following standard number: +32 22999696 or
- > by electronic mail via: <http://europa.eu/contact>

Finding information about the EU

Online

Information about the European Union in all the official languages of the EU is available on the Europa website at: <http://europa.eu>

EU Publications

You can download or order free and priced EU publications from EU Bookshop at: <http://bookshop.europa.eu>. Multiple copies of free publications may be obtained by contacting Europe Direct or your local information centre (see <http://europa.eu/contact>)

EU law and related documents

For access to legal information from the EU, including all EU law since 1951 in all the official language versions, go to EUR-Lex at: <http://eur-lex.europa.eu>

Open data from the EU

The EU Open Data Portal (<http://data.europa.eu/euodp/en/data>) provides access to datasets from the EU. Data can be downloaded and reused for free, both for commercial and non-commercial purposes.



