

## **SOCIAL ENTREPRENEURSHIP IN SPARSELY POPULATED AREAS**

**SOCENT SPAs**

**PGI02359**

## **REPORT ON WORKSHOP ON SOCIAL ECONOMY**

**ROŽŇAVA, SLOVAKIA**

**11 – 12 APRIL, 2018**

ROŽŇAVA  
SLOVAKIA

## Workshop on Social Entrepreneurship

11 – 12 APRIL 2018

### 11th April 2018

9:00 – 9:05

9:05 – 10:30

Welcome and introduction

#### Legislative Framework for SE and Financial Instruments

*Ms Ingrid Ujváriová, Ministry of Labour, Social Affairs  
and Family of the Slovak Republic*

*Mr Florian Birk, Social Impact*

Discussion

10:30 – 10:45

Coffee break

10:45 – 12:15

#### Legislative Framework for SE and Financial Instruments

*Ms Paula Arribas Martín, DG for SE and Self-Employed Persons -  
Regional Government of Castilla y León*

*Ms Sari Nisula, Ms Marlene Kohllechner-Autto,  
Lapland University of Applied Sciences*

Discussion

12:15 – 13:15

Lunch (hosted by EPIC)

13:15 – 16:00

Group work – creation of business plans for regions

- 1) Group Slovakia – Finland  
Slovak facilitator – Ms Lucia Bárdošová  
Finnish facilitator – Ms Mervi Nikander
- 2) Group Spain – Germany  
Spanish facilitator – Ms Catherine Clouye, Ms Ana Gómez  
Garcés  
German facilitator – Mr Moritz Blanke

From 13:10 – 16:00 breaks according to the needs of the groups

16:00 – 17:00

Presentation of business plans (success factors, threats) – 15  
minutes per group

17:00 – 19:00

Steering group meeting

ROŽŇAVA  
SLOVAKIA

## Workshop on Social Entrepreneurship

11 – 12 APRIL 2018

**12th April 2018**

8:15 – 10:00

**Transportation to Valaská**

10:00 – 10:30

Coffee break

10:30 – 12:30

Presentation of best practices from partner's regions (1/2 hour per region, we expect 1 – 2 examples per region)

FI – Ms Marlene Kohllechner-Autto

ES – Ms Ana Gómez Garcés

DE – Ms Verena Riedmiller

SK – Mr Ivan Mako/Ms Andrea Vozárová

12:30 – 13:00

**Live presentation of SE premises and operation**

13:00 – 14:00

**Lunch (hosted by EPIC)**

14:00 – 18:00

**Transportation to Bratislava**

## **2nd INTERREGIONAL WORKSHOP ON SOCIAL ECONOMY**

### **ROŽŇAVA, SLOVAKIA**

**11 – 12 APRIL 2018**

The aim of the workshop was to understand the situation in every partner country mostly from legal and financial point of view. The information basis were country/regional analyses developed during the first semester and follow-up presentations during the workshop on depopulation in Brandenburg/Germany and workshop on social economy in Gemer/Slovakia.

The workshop took place in Rožňava (Gemer region) with the participation of 16 participants. Two of them only during the first day and another two only during the second day. All the project partners were represented:

- General Directorate for Social Economy and Self-Employed Persons – Regional Government of Castile and Leon (ES);
- NGOD Cives Mundi (ES);
- Social Impact (DE);
- Lapland University of Applied Sciences (FI);
- Non-for-profit organization EPIC (SK);
- Ministry of Labour, Social Affairs and Family of the Slovak Republic (SK).

### **DAY 1**

The agenda was designed by EPIC and workshop part of the program was led by four facilitators from four different partner countries/regions.

Workshop began with the short introduction to the context and short introduction of the participants and their role in the project and workshop as some of the participants were also facilitators of their groups or presented some of the topics.

First part of the event was presentation of legal framework and financial instruments available in partner countries/regions:

#### **1) SLOVAKIA**

The first was presented Slovak context. In comparison with the situation a year ago, when the country/region analysis was developed, everything was completely changed. There was no legal framework for social economy a year ago and only limited financial instruments were available to support social economy through the instruments of Active Labour Market Policies. In March 2018 new Act on Social Economy and Social Enterprises has been passed by the Slovak Parliament and the environment for social economy should be more friendly and supportive not only from legal but also from financial point of view.

The Act was presented by Ingrid Ujváriová representing Ministry of Labour, Social Affairs and Family of the Slovak Republic who was a coordinator of working group focused on development of the Act.

The Act was inspired by many of the instruments and measures applied in EU member states. According to the number of additional questions this Act woke real interest among participant who were interested mostly in financial instruments and tax reliefs.

## 2) GERMANY

There is no clear, broadly accepted definition of SE in Germany. The discussion now is about the role of “traditional” social enterprises providing mostly social care services (German Red Cross, Caritas, AWO, Diakonie...) and definitions of new stakeholders trying to apply “new social economy” focused on social innovation (Diversicon, Gemüse Ackerdemie, CUBE...).

There are no plans to introduce new legislation in near future in Germany. The greatest opportunities and challenges are adaptation of public procurement framework to consider SEs and legal forms that pose legal and fiscal barriers for organizational development.

Regarding the financial instruments, there are at least two inspiring instruments available in Brandenburg:



Crowdfunding platform focusing on social, green and sustainable projects:

<https://www.startnext.com>



Loans provided by the federal state of Brandenburg. The scheme does not require any collateral for firms:

<https://mikrokredit.brandenburg.de/startseite.html>

## 3) FINLAND

Narrow legislative definition of SE is defined as work-integration social enterprise: *“The purpose of social enterprises is to create jobs especially for people with lowered ability to attain employment and for long term unemployed.”* This view is quite similar to the one in Slovakia. The Law on SE’s will be renewed as a part of the Regional Development and Growth Service Act.

Wider perspective on SE covers also cooperatives.

A social enterprise does not directly receive any special subsidies, grants, tax breaks or funding based on its business model. However, it has the same opportunities as other enterprises to take advantage of all traditional forms of corporate finance and subsidies.

Possible SE funding sources:

- European Social Fund
- LEADER
- SITRA (now defunct)
- Crowd funding (Social Impact Bond)

#### 4) SPAIN

The described forms of social economy entities do not cover the definition of social enterprise as such.

The law includes basic principles of social entrepreneurship:

- Remove the obstacles to the development of the economic activity of the entities.
- Promote the values of the social economy, facilitate access to technological innovation.
- Promote the social economy in certain areas such as the economy and rural development.

There is no particularly oriented support for SE but providers can benefit from public aid instruments such as:

Cooperatives and labor societies	Subsidies
Special Employment Centers	Partially financed wage costs for workers with disabilities
Insertion companies	The salary costs of workers in situation or risk of social exclusion are financed in labor insertion companies.

All the presentations and leaflet on new Act on Social Economy and Social Enterprises were send and were available to project partners via file transfer service.



Ingrid Ujváriová and interpreter Monika Hanzlíková during the discussion on Act on Social Economy and Social Enterprises

Florian Birk presenting legal framework and financial instruments in Germany.



Paula Arribas Martín during her presentation on SE legal framework and available financial tools in Spain.



Marlene Kohlechner-Autto and Sari Nisula presenting the situation in Lapland/Finland.





## SUMMARY OF THE FIRST PART

	Legal framework	Available financial Instruments
<b>Slovakia</b>	<ul style="list-style-type: none"> <li>• New Act on Social Economy and Social Enterprises (in force since 1<sup>st</sup> May 2018).</li> <li>• Inspired by EU member states law on SE.</li> <li>• Clear definition of SE.</li> <li>• Defines 3 types of social enterprises: <ul style="list-style-type: none"> <li>- Integration SE;</li> <li>- Housing SE;</li> <li>- Other types of SE (“green”, cultural...)</li> </ul> </li> <li>• Establishment of Social Entrepreneurship Institute as a counselling entity.</li> </ul>	<ul style="list-style-type: none"> <li>• Direct state aid: <ul style="list-style-type: none"> <li>- Investment aid;</li> <li>- Compensation aid;</li> <li>- Demand driving aid.</li> </ul> </li> <li>• Indirect state aid: <ul style="list-style-type: none"> <li>- Direct tax relief;</li> <li>- VAT relief;</li> <li>- Public procurement preference (social aspect in public procurement).</li> </ul> </li> <li>• Private loans (social banks).</li> </ul>
<b>Germany</b>	<ul style="list-style-type: none"> <li>• Social enterprises vs social entrepreneurs.</li> <li>• Social economy vs “new social economy”.</li> <li>• No legal changes are expected in near future.</li> </ul>	<p>Private and public sources:</p> <ul style="list-style-type: none"> <li>• STARTNEXT: crowdfunding platform focusing on social, green and sustainable projects.</li> <li>• Mikrokredit Brandenburg: loans provided by the federal state of Brandenburg. The scheme does not require any collateral for firms.</li> </ul>
<b>Finland</b>	<ul style="list-style-type: none"> <li>• Law on SE’s will be renewed as part of the Regional Development and Growth Services Act.</li> <li>• Narrow and wider definition of SE.</li> <li>• Regional government, health and social services reform as opportunity for SE’s?</li> </ul>	<ul style="list-style-type: none"> <li>• (Work-integration) social enterprises have the same position as other companies with regards to private and public funding. However, wage subsidies and employment policy subsidies may be granted under specific conditions.</li> <li>• A social enterprise does not directly receive any special subsidies, grants, tax breaks or funding based on its business model.</li> <li>• SE funding sources: <ul style="list-style-type: none"> <li>- European Social Fund;</li> <li>- LEADER;</li> <li>- SITRA (now defunct);</li> <li>- Crowd funding (Social Impact Bond).</li> </ul> </li> </ul>
<b>Spain</b>	<ul style="list-style-type: none"> <li>• Lack of specific legal framework on SE at national level.</li> <li>• Social Economy Law (5/2011): <ul style="list-style-type: none"> <li>- Defines SE entities.</li> <li>- Measures for promotion.</li> </ul> </li> <li>• Regional legislation 5/2013 – Measures to stimulate establishment of companies in Castilla y León.</li> </ul>	<ul style="list-style-type: none"> <li>• Subsidies.</li> <li>• Partial financing of salaries for disabled employees.</li> <li>• The salary costs of workers in situation or risk of social exclusion are financed in labor insertion companies.</li> </ul>



## WORKSHOP ACTIVITY – DEVELOPMENT OF BUSINESS PLAN

Due to the small number of participants we decided to create two groups instead of primarily planned four groups. Groups were created as country/regional groups consisting of participants from various countries/regions.

GROUP	FACILITATOR
GERMANY + SPAIN	Moritz Blanke  Catherine Clouye
SLOVAKIA + FINLAND	Lucia Bárdošová  Marlene Kohllechner-Autto

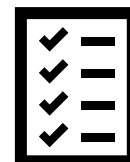
All facilitators received template for their business plans. Document included all the factors that are inevitable to take into account in business plan development phase.

## SUMMARY OF THE SECOND PART

Although the project regions/countries are completely different (understanding and definition of social economy, legal status of social economy, financial tools, former experiences and future expectations), the problems they are facing to are almost similar.

The first of all are social and medical services for inhabitants who stayed and live in the region. Due to the huge distances and accessibility of these services. The solution that look feasible is online medicine/assistance. It offers job opportunities for local people and solves the most urgent problem. This should be accompanied by “social fleet” that covers such services as transportation, accompanying people in offices, shopping...). Such kind of solution requires high speed internet connection for all in any are/location, available technical support and trainings for users.

Another opportunity that sparsely populated areas offers for social enterprises is tourism. Almost all of them are in the localities with untouched nature or in localities with unknown history and hidden sights. Some of them are locations with industrial history and interesting stories behind. It offers the opportunities for eco or industrial tourism. In this case there are high expectations towards tourist infrastructure (for bikers, hikers, tourist points...) and skilled and informed staff. In case of industrial sights, former employees could be retrained as tourist guides. This is also opportunity not only for those who lives in regions but also for those who would like to come back after their university studies.



## BUSINESS PLAN

### SPHERE OF BUSINESS

*Regarding the particularity of the region (traditions, labour market, opportunities...) in which field do you suggest to start social entrepreneurship?*

Sphere of business:

PROS and CONS	

*List of your products and services, set up their quality and prices:*

Keep in mind:

	Low price	Mid-price	High price
High quality			<ul style="list-style-type: none"> <li>- Specialized goods and services of high quality at a high figure and high profit rate</li> <li>- Estimated low sale</li> </ul>
Mid-quality		<ul style="list-style-type: none"> <li>- Goods and services of satisfactory quality at a acceptable figure</li> <li>- Can reach good profit</li> </ul>	
Low quality	<ul style="list-style-type: none"> <li>- Low cost goods and products: income ratio is probaly low</li> <li>- base for profit business is high volume of sales</li> </ul>		

## MARKETING AND CUSTOMERS

*Who will be your customers and where to find them?*



*How will you achieve your customers and how do you want to attract them? Why should they be interested in your product?*

## TEAM



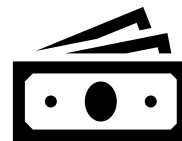
*People participating in preparation of business plan*

Field of expertise	Financing	Timing	Where to find
Estimated sale			
Production and technology			
Sales support			
Suppliers			
Sale and invoicing			
Pricing policy			
Tax planning			
Hiring			
Protection of health at work			
Contracting			
IT			

*People needed to ensure operation of business:*

Field of expertise	Estimated costs	Where to find
Accountancy		
Marketing		
Advertising		
Sale		
Export/import		
General insurance		
Other insurance		
Legislation		
Copyright and related laws, trademark		
Estate property		
Employing		
Health and security		
Food hygiene		
Technical documentation		
Environment protection		
Business affairs		

## POSSIBLE EXPENSES



*Keep in mind:*

### **SALARIES**

### ***SOCIAL AND HEALTH INSURANCE***

Trainings for employees

rent

UTILITIES

Fuel

TELEKOM

***POSTAL CHARGES***

**OFFICE STUFF**

***advertising***

**MAINTENANCE**

insurance

***Membership fees***

BANK FEES

loans payments

Travel costs and operations

***car depreciations***

OTHER DEPRECIATIONS

***other***

## EXPECTED INCOME



List of goods and services	Expected sale in first year	Expected income	Related costs per item + other costs	Gross profit in 1st year

Gross profit =

Costs =

Profit/loss =

## TEAM BRANDENBURG



### **Business idea:** Eco and industrial tourism

- Lausitz area – big machines and mines after termination of mining
- huge number of unemployed former miners – requalification needed (to tourist guides or similar)
- eco-tourism
- industrial tourism
- adrenaline sports
- centre for trainings and education

## TEAM SORIA



### **Business idea:** Online medical services

- to provide online medical services in sparsely populated areas
- especially for elderly people who stays alone in region without any support from family
- provide transportation services for them as well due to long distances in sparsely populated area (transportation to doctors, hospitals, possibly to other offices...)
- employment of high educated staff
- requests for internet infrastructure and connection
- inspired by Finnish example
- high investments to infrastructure at the beginning



## TEAM GEMER



### Business idea: Tourism

- structured approach
- education
- positive experience
- storytelling

#### SE:

- maintenance (bikes)
- services for bikers and tourist paths (hiking)
- housing, gardening (public buildings, parks...)
- teach the locals about storytelling, local souvenirs
- cooperation with local companies
- use combination of public and private financing in accordance to new Act

## TEAM LAPLAND



### **Business idea:** Social services + tourism

- health-related services
- tourism
- transportation services – „Italian example“
- necessity of multi-actor cooperation
- expected high investment into infrastructure

## DAY TWO

Second day in the morning we traveled to the village of Valaská where the presentations of good examples and good practice were done. Except of the presentations themselves we wanted to present and show really working and operating social enterprise in Slovakia. That's the reason why we had chosen Valaská as a venue for the second day of the workshop.

### 1) GOOD PRACTICE LAPLAND: Sompion Tähti cooperative

#### Basic information

- Established in 2012, located in Sodankylä – central Lapland.
- Provides home-care services for the elderly in outlying villages of Sodankylä:
  - Distance outlying villages to Sodankylä centre up to 90 km.
  - Outlying villages without shopping possibilities.
- Municipal health care personnel decide what services to be delivered by Sompion Tähti.

#### Provided services

- Help to travel & assistance with shopping & other issues in different offices (social security, tax office, etc.).
- Stimulating actions keeping people functional and operational in own home.
- Home care (personal hygiene, medications...).
- Substitute for relative/family taking care of patient at home.

#### Advantages

- Provides home care and support in running errands, shopping, outdoor activities for the elderly enables them to stay in own, 'safe' environment as long as possible.
- Creates employment possibilities for inhabitants of outlying villages:
  - No commute to Sodankylä or other more densely populated areas.
  - Possibility to combine child care leave or seasonal business e.g. reindeer herding other with employment for Sompion Tähti.
  - Supports new entrepreneurship in the sector.

<https://www.sompiontahti.fi/>

### 2) GOOD PRACTICE SORIA: MEGARA

#### Basic information

- Renewable energy as an opportunity for social entrepreneurship in Castilla y León:
- Energy as a factor of economic growth;
- On this basis, social enterprises and entrepreneurs can develop the renewable energy sector;
- MEGARA headquarters are based in the province of Soria, but it is a national cooperative.
- Cooperative of consumers and users of renewable energy.
- Objective: commercialization of energy on social bases. To diminish the risk of energy poverty.

### **Provided services**

- Megara only markets renewable energy.

### **How does MEGARA ensure local return?**

- Local purchase >90%. Local autonomous groups.
- Training and professionalization.
- Thematic working groups.
- Creation of medium/highly qualified jobs.

### **Why does MEGARA attract partners and users?**

- Individuals can benefit from a 10% saving on their monthly electricity bill.
- Large, small and medium-sized businesses can save up to 30% on their electricity bill.
- There is a growing trend in the commitment to individuals and companies in the consumption of renewable energies.

MEGARA is part of the Unión Renovables, which is the Union of Cooperatives of Consumers and Users of Renewable Energies, which brings together 17 municipal/regional cooperatives dedicated to commercialising electricity to its more than 25,000 members, which it trains and informs on responsible consumption, bill adjustments for savings and the electricity sector.

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

## **3) GOOD PRACTICE BRANDENBURG: CUBE**

### **Basic information**

- Social project aiming to create an inclusive participation channel for young people in Europe.

### **Provided services**

- To tackle a social challenge, i.e. the lack of interest in and/or opposition towards the European Union among broad parts of the society, especially young folks across Europe.
- To develop a new way of bringing European issues to young people in urban and rural areas by applying a train-of-trainer approach.
- An adaptable and transferable curriculum and training programme, which can be scaled and thus dispersed = social innovation.

<http://cubeyourtake.eu/>

## **4) GOOD PRACTICE SLOVAKIA: WASCO**

### **Basic information**

- Established in 2014 in Valaská, Slovakia.
- Placed in the premises of old renovated factory.
- Employing 24 disadvantaged people (long-term unemployed, socially excluded, marginalized community...).

### **Provided services**

- Laundry and ironing services (for hotels, ministries...).
- Services of community centre for local community.
- Interim labour market for later placement of employees to open labour market.
- Future plans: community garden for clients.

<http://wasco.sk/>