



Rzeszów Regional Development Agency

# SOCIAL SEEDS: Exploiting Potentials of Social Enterprises through Standardized European Evaluation and Development System

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## Part I – General information

Project:

**SOCIAL SEEDS: Exploiting Potentials of Social Enterprises through Standardized European Evaluation and Development System**

Partner organisation:

**Rzeszów Regional Development Agency**

Country:

**Poland**

NUTS2 region: PL32 Podkarpackie

Contact person: Agata Ziemiakowicz, Marek Duda (director of the Departament)

email address: [aziemiakowicz@rarr.rzeszow.pl](mailto:aziemiakowicz@rarr.rzeszow.pl)

phone number:

## Part II – Policy context

The Action Plan aims to impact:	X	Investment for Growth and Jobs programme
		European Territorial Cooperation programme
	X	Other regional development policy instrument

Name of the policy instrument addressed: Podkarpackie Region Operational Programme 2014-2020, Podkarpackie Programme of Social Economy Development 2016-2020

**Name of the policy instrument addressed:**1. Podkarpackie Region Operational Programme 2014-2020

Priority VIII Social integration, CT 9 Promoting social inclusion and combating poverty and all forms of discrimination, 9v Promoting social entrepreneurship and vocational integration in social enterprises and social economy and solidarity in order to facilitate access to employment

2. Podkarpackie Programme of Social Economy Development 2016-2020

## Part III – Details of the actions envisaged

**ACTION 1****SOCIAL CLAUSES IN USE****1.The background (please describe the lessons learnt from the project that constitute the basis for the development of the present Action Plan)**

Social clauses are permissible solutions that allow contractors to apply additional conditions in access to a public contract or in its implementation, in order to achieve significant social benefits. Sometimes the concept of social clauses is used to define all solutions that allow for taking into account social aspects on the basis of public procurement.

The general benefit of using social clauses from the point of view of the ordering party, in particular public administration, is the possibility of achieving additional social effects for the same money. The ordering party must order the contract and pay for it, because it is necessary for the functioning and implementation of its tasks. By applying the clauses, he can achieve additional social benefits on this occasion, and thus increase the efficiency of spending public funds. Clauses can also bring measurable savings for ordering parties, for example in social expenses or those related to professional activation. Social clauses can also be an instrument complementing the integration and socio-occupational activation of excluded people run by social assistance institutions and poviat labor offices. Very often it happens that people who have undergone the whole cycle of professional and social activation are not finding employment anyway. This affects them without demotivating and, to a large extent, destroys the effects of the activation work. The combination of activation measures with the use of social clauses creates for their participants the opportunity to take up employment and use the skills and knowledge acquired during the classes with a vocational counsellor or vocational training. Thanks to this, skilfully used social clauses can increase the effectiveness and efficiency of activities in the sphere of social and professional integration and activation

The social economy is based on social enterprises or entities that pursue socially useful goals through

business activities. This activity is not only a source of income allowing to meet social goals, which in the case of these enterprises is guaranteed by law or statutory, but in itself is a form of their implementation. This happens in two ways. The first is the employment of socially excluded people for whom work is a form of environmental and professional integration. The second is the provision of services that meet important social needs, in particular those who are unable to satisfy them themselves. An example can be caring services for disabled or old people.

In Poland, the majority of social enterprises fulfil integration goals, for the time being the service goal is being implemented to a limited extent. It is characteristic for Polish social enterprises that they are mostly created and operate locally, often contributing to the development and integration of the communities in which they operate.

Irrespective of the fact that individual units of government and self-government administration are already commonly applying social clauses, in the scale of the country proceedings in which social aspects have been used to date accounted for approx. 4% of all public procurement procedures. In Podkarpackie Region it is approx. 1,7%.

The last report in the region "Report on the development of social economy in podkarpackie voivodship for 2017 along with diagnosis and monitoring for 2017 of Podkarpackie Programme for the development of economic society 2016-2020 emphasise the following:

- One of the reason of not using social clauses is lack of knowledge
- More than 50% of local government units admits that in their public procurements social clauses are not used

Among the potential largest clients is the self-government, which does not willing to use social clauses that prefer social co-operatives in procurement . Acquiring information on social cooperatives poses major difficulties, maladjustment of social clauses in public procurement to their possibilities fear of social clauses - personal changes in local authorities and the resulting lack of continuity / coherence undertaken activities.

SOCIAL SEEDS lesson learned in this action concerned the italian pattern of using higher percentage of social clauses in use. During the Project Partner Meeting and Study Tours in Bologna/Pescara/ L'Alquila 23-25.11.2016 it was an opportunity to hear the presentation and see how this is put into practice and which effect it has on social sector market sustainability and SMEs competitiveness. Several Social Seeds project partner meetings and conferences in Brussels was also talked this issue and was an inspiration to include this to the action plan as an important tool of fostering social innovation and its competitiveness. Very interesting presentations and discussions was also held in Maribor during the event Boosting the Social Economy in South East Europe 6-7 March 2018 (international conference and Social Seeds PP meeting) where many relevant european voices spoke about the importance of increasing competitiveness and ingrowth of social companies into the market.

## 2.Actions planned

### Actions:

Information and training campaign: Consultancy is available to employees of units whose registered office is in the Podkarpackie Voivodeship, in particular: territorial self-government units, including municipal offices, communities, voivodship level units and their organizational units; social welfare centers, regional family support centers and other social assistance and integration institutions implementing activities in the field of active integration; public employment services. Individual or group counseling (up to 15 people) will be implemented in a mobile form in the Podkarpackie

voivodship at the headquarters of the interested entity, but there is also the possibility of using e-mail and telephone consultancy for municipalities that have benefited from individual counseling.

Consultation and changes in the new version of Podkarpackie Programme of Social Economy Development 2021- more actions for social clauses use

Including social clauses issue into the projects implemented by Regional Center for Social Policy and Regional Centre of Social Economy Support in Social Economy Center of RRDA and Subcarpathian Council For Social Economy

New project (Social Economy Coordination; estimated time- beginning 2020) Activities: special trainings on the clauses for employees of municipalities responsible for Public Procurement, hiring a permanent advisors in the Regional Center of Social Policies (Help Desk) who will travel all around the region to the municipalities which need advisory, they will also provide advice for a specific orders where are specific regulations how to correctly use social clauses, recommendations for municipalities in the scope of application of clauses and signing agreements in this matter.

**Specific change:** Increased percentage of using social clauses in the projects and public procurements in the regions

**Document reflects changes:** The specific document which will reflect changes is the Programme of Social Economy Development. This document captures the problems of the social economy sector as an important element of the voivodship's development, sets directions for actions and aims to coordinate regional policy towards the social economy financed from structural funds, state budget funds, local government units and other units operating in the area of social economy. It should be noted that regional plans developed in the majority of provinces were established and adopted by the provincial authorities earlier than the National Program for the Development of Social Economy was adopted.

Programme of Social Economy Development also defines the financial resources necessary to achieve the set goals and results, including both national resources (local government, earmarked funds and the state budget) as well as European ones. The programs must also describe systems management and annual monitoring of effects, including in the form of an annual report on the state of the social economy in the regions. Responsible for preparation and implementation programs, on behalf of the voivodship self-governments is Regional Social Policy Center- policy maker and the main stakeholder in SOCIAL SEEDS project.

**Impact the competitiveness of the SMEs:** Social enterprises in the region due to the specificity of their activities resulting from the merger of economic functions with the implementation of socially useful goals, have serious problems with shaping their competitiveness. The basic dilemma associated with this form of economic activity is the issue of the functioning of social enterprises in conditions of a fully competitive market. It is related to the issue of creating the competitiveness of social enterprises.

Social clauses as used in higher percentage of public procurement will make them more visible on the market and rise their possibilities to be competitive on the market this way.

**3.Players involved (please indicate the organisations in the region who are involved in the development and implementation of the action and explain their role)**

Regional Centre of Social Policies- responsible for implementing and monitoring social policies

Marshall Office of Podkarpackie (Podkarpackie Regional Authority)- Podkarpackie Regional Operational Programme managing authority, responsible for applying changes to the programme. Its role is to adapt the measure taking into account all regulations considering structural funds, public support, Polish and EU legislation. The authority will coordinate works and participation of other stakeholders in the process.

Social Economy Centre of RRDA- policy implementation institution

Subcarpathian Council For Social Economy- supporting organisation

**4.Timeframe**

Second phase of Social Seeds Project with emphasise on new perspective for the years 2021-2027.

Consultation- 2019-2020, Implementation and monitoring- beginning 2021.

**5.Costs (if relevant)**

Exact amount of money available is difficult to estimate

**6.Funding sources (if relevant)**

Sources from system project for Social Economy Coordination of Regional Center of Social Policies

Call for projects from action 8.5. Regional Operational Programme of Podkarpackie

## ACTION 2

**Increasing the diversity of forms of established social enterprises and supporting the creation of social cooperatives, foundations and associations, longer durability of Social Entities- regulation changes in policy instrument**

### **1.The background (please describe the lessons learnt from the project that constitute the basis for the development of the present Action Plan)**

Around 70% of entities in total are created as a form of private non profit limited companies Those which are social cooperatives, associations and foundations are still in limited number and suffer a lot of instability on the market. The change in the policy will be to limit the number of new created limited liability companies to only 50% maximum and creating room for other forms of cooperation especially social cooperatives associations and foundations.

There was and still is a problem that companies which were regular business entities changed their profiles to non-profit limited companies only to get money from Social Funds.

Hence thanks to the social seed project and thanks to stakeholder meetings, study visits, in the new call, it was decided to limit this practice and enter in the competition guidelines a specific limitation on the number of companies to be supported. These changes are also aimed at increasing the diversity of forms of established social enterprises - supporting the creation of social cooperatives of foundations and associations.

SOCIAL SEEDS lesson learned during the Project Partner Meeting and Study Tours in Bologna/Pescara/L'Alquila 23-25.11.2016 it was an opportunity to hear the presentation and see how important and relevant for social market is variability of social enterprises, especially creation and sustainability of social cooperatives, foundations and associations in regional social policy landscape. The problem of durability and stability of social business was also tackled in all SOCIAL SEEDS project partner meeting in every partner country especially in Maribor conference, as well as Brussels conferences.

### **2.Actions planned:**

Changes in the policies and regulation with adding description of the joint stock company reduction to 50% in favour to create other forms of social entities

The action aim to achieve improvements of the policy instruments addressed Regional Operational Programme Priority VIII Social integration by modifying the eligibility criteria in existing calls especially in the Activity 8.5. Strengthening the role of social economy entities in activating disadvantaged people and in providing social services in the region; support for certain selected social SME and support for new ones, support for entrepreneurship.

In the perspective of 2014-2020 so far there was one call for projects in 2015. However there was no indicated criteria which type of social companies should get support (which type of business) so mostly stock companies received funds. Relevant for Social Economy support and SME competitiveness is to support typical social cooperatives as they are having the most social approach and they match the best social idea with market competitiveness.

So in the forthcoming second call (planned for the second half of 2019) is recommendable to change the

criteria to the following:

Only up to 50% of entities receiving support are stock companies, 50% or more should be social cooperatives as social goals are more relevant in this case.

**Players involved (please indicate the organisations in the region who are involved in the development and implementation of the action and explain their role)**

Marshall Office of Podkarpackie (Podkarpackie Regional Authority)

Regional Labour Office

Podkarpackie Regional Operational Programme managing authority, responsible for applying changes to the programme. Its role is to adapt the measure taking into account all regulations considering structural funds, public support, Polish and EU legislation. The authority will coordinate works and participation of other stakeholders in the process.

Regional Centre of Social Policies- policy making and implementation institution

Social Economy Centre of RRDA- policy implementation institution

Subcarpathian Council For Social Economy- supporting organisation

**5.Costs (if relevant)**

Exact amount of money available is difficult to estimate

**6.Funding sources (if relevant)**

Sources from system project for Social Economy Coordination of Regional Center of Social Policies

Call for projects from action 8.5. Regional Operational Programme of Podkarpackie

**Date:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Stamp of the organisation (if available):** \_\_\_\_\_