

***NATIONAL SOCIAL
ECONOMY CONCEPT***

SOFIA

2011

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INTRODUCTION

The present National Concept for Social Economy¹ represents the state's social commitment to the creation and strengthening of a favourable environment for the implementation and development of the Republic of Bulgaria's social economy models and practices. It represents the intention and the willingness to enhance awareness, culture and values among the companies and organizations in social economy. The national concept is a document aimed at presenting the vision and priority targets intended to enhance social economy in Bulgaria. This is a way to present the state's active position formed as a result of the joined efforts of a large scope of interested parties. As a result of the formation of the national position concerning social economy, the National Concept is expected to help develop policies that would result in improved quality of life and well-being among vulnerable groups of citizens in the society. It is expected that a reliable sector will be established that would assist in dealing with the social exclusion of vulnerable groups of disadvantaged people. It is also expected that the model of social inclusion for a large scope of citizens in difficulty as regards access to employment, services and resources, will change.

The national concept refers to the understanding of social economy as reflected in European Union documents and other international documents. It is also in accordance with national strategic documents that are directly or indirectly related to the tasks resulting from the targets defined in the Concept.

The present document is a contribution to the goals of Europe 2020 – the strategy of smart, sustainable and inclusive growth that offers a vision of Europe's social market economy for the 21st century. In the context of what the strategy is about – that economic realities start developing at a higher speed than the political ones – the Concept specifies emerging processes in the real economy that should combine into an individual development sector so as to become visible both for the government in the context of the policy enhancing people's living standards, and for the general public which sympathizes with the social situation of labour-market marginalized groups.

The national Concept provides an advanced vision about the future regulatory amendments and the amendments to the state authorities' practice, as well as vision about the integration of sectoral policies. It is a document that was devised by applying an approach based on good national and international practices in this field, systematized and analyzed within an interdepartmental expert working group and with the broad involvement of representatives of state and international institutions, social partners' organizations and non-governmental organizations.

¹ Hereinafter referred to as "the Concept"

1. Conditions for and development of a framework of social economy

1.1. Nature, scope and limits of social economy

Social economy is a collective term used to emphasize the direct social effect of the activities of companies and/or organizations established for a social purpose which structure their activities with the particular goal of achieving results in this field.

Social economy is both a part of real economy and of the civil society, and is a field where volunteer associations or other organized entities perform economic activities to the benefit of society and re-invest their profit in the accomplishment of social objectives.

The constituent components of social economy's functional structure are:

- 1/ economic function for their own provisioning;
- 2/ social function, performed through the expenditures profile;
- 3/ socio-political function of generating public attitudes of social solidarity.

Because of its functional structure social economy supports the process of social inclusion and is different from corporate capitalism.

A sustainable business model is established within social economy, and it can't be evaluated in terms of the size and the fields of activity, but in terms of the respect of common values, such as: rule of democracy, involvement of civil society structures in achieving social progress, individual rights; protection of and adherence to the principles of solidarity and responsibility, combining the interests of member users with the common interest; democratic control on the part of the members; voluntary and open membership, governance autonomy and independence concerning public authorities; investing excess profits for the benefit of the members combined with the common interest in achieving sustainable development targets.

The development of social policy is based on corporate, private, collective socio-economic initiatives based on mobilized and combined resources, trust and mutual help. Voluntary participation, democratic and transparent economic management and collective choice based on the "one man-one vote" rule are the leading principles of decision-making. Because of its basing on labour-intensive technologies, providing socially important products² for a lower price, labour economy enhances living standards and contributes to the more balanced allocation of national revenue. These socio-economic initiatives are implemented through the involvement and empowerment of vulnerable groups, having economic freedom.

Social economy enterprises are managed as businesses; they produce goods and services for the market economy and allocate part of their resources to the accomplishment of social and economic goals.

Social economy includes all types of enterprises regardless of their legal structure, established and functioning mostly in view of social goals. They can be cooperatives, local self-supporting enterprises or groups, associations, mutual-support companies, foundations, unions, etc.

Social economy takes a special place between the state (and its protection mechanisms)

² There are also good examples of social economy entrepreneurships that are successful on markets with extremely high competition too, such as the information technologies' sector (Specialistene, Denmark).

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and the market (and its economic effectiveness and commitment to gains based on capital). The larger this space is, the larger the need is for social economy to meet needs that existing institutional practices are unable to satisfy.

Social economy also serves as an instrument for the development of social services; inclusion of disadvantaged groups on the labour market; improvement of the social services system's functionality; development of local economies as well as fight with poverty and social exclusion.

The development of social economy sector helps expand the possibilities to increase economic growth and contribution to GDP, employment and creation of conditions and a favourable environment for innovative, socially significant entrepreneur solutions..

1.2 Social economy and social entrepreneurship

Social entrepreneurship is an economic activity entirely aimed at the creation, operation and development of social enterprises. It is a relatively new concept for Bulgaria and nevertheless a number of organizations all over Bulgaria perform such activities.

There are four main ideas concerning social entrepreneurship:

The first idea emphasizes risk. A social entrepreneur is someone who acts, makes a decision and meets all his needs in an insecure and risky environment.

The second idea focuses on the innovative, creative, discovering nature of social entrepreneurship.

The third idea accentuates the dynamic role of the social entrepreneurs for the development of social economy and the effective utilization of limited social resources.

The fourth idea is related to social management. According to it an entrepreneur continuously seeks change and finds an adequate answer benefiting as much as possible from possibilities through innovation.

A social entrepreneur creates social good not through donations but through activities that combine economic and social goals, provide support for socially vulnerable groups of society, stimulate socially positive changes, satisfies social needs. He utilizes available resources optimally and applies innovative approaches to the social economy's development.

1.3 Social economy and social enterprises

Social enterprises are developed in a specific local context and are the main economic entity of social economy.

Social enterprises are located between the traditional private and public sectors. Their key characteristics are social goals combined with the entrepreneurial potential of private sector. Social enterprises determine their activities and reinvest their profit so as to achieve a public, respectively social goal for the benefit of both their members and a larger scope of people.

Social enterprises, regardless of their legal structure, fall within the scope of the European Commission's encouraging enterprises, in particular small and medium enterprises (SME). **The main purpose of this policy is to create a legal and administrative environment on a European**

level and in every Member State, where social enterprises of any form and size could meet the challenges posed by globalization, swift technological changes and the global economic crisis. Since most social enterprises are SME, they fall within the scope of the Regulation on the small and medium business in Europe and of all EU programmes intended for small enterprises.

Social enterprises registered under the Act on non-profit legal persons (ANPLP) are non-governmental organizations performing economic activities having markedly social effects on people from vulnerable groups in the widest sense: improving their living standards, providing employment, providing services and/or other forms of direct support, with the final goal being their active inclusion.

In some cases it is the legal persons registered under ANPLP that establish single-person limited liability companies and use the profit from the company's activity for social purposes.

The cooperative registered under the Act on Cooperatives can also be defined as a social enterprise if it meets social enterprise standards.

Social enterprises registered under the Act on the Integration of People with Disabilities are mainly cooperatives whose transparent and democratic management principles make them particularly appropriate forms of entrepreneurship in the field of social integration.

In the field of employment social entrepreneurs provide services related to:

- Encouraging employment opportunities and career development for the long-term unemployed, people with disabilities and other people on the labour market, as well as providing assistance in finding a suitable position, providing employment and going back to work;
- Encouraging the possibilities of self-employment, entrepreneurship and establishment of cooperatives and starting one's own business.

1.4 Social economy and the European Social Model

The development and the introduction of a National Social Economy Concept follow from the work of the MLSP's team on the overall harmonization of social policies with good practices of EU Member States on the basis on the findings and the conclusions made following the Open method of coordination for social protection and social inclusion aimed at achieving flexibility on the labour market in combination with security and implementation of the active inclusion approach.

In the modern European context, social economy is an established and irrevocable part of social environment and social protection networks, generating and successfully combining economic profitability with social solidarity. Social economy is a medium of democratic values that put the person in the central place by creating jobs and encouraging active citizenship. The development of the social economy's potential depends on the appropriateness of the political, legal and operational conditions created. The existing entities performing socially profitable and humanitarian activities in Bulgaria increasingly emphasize the need for legal and institutional differentiation in real economy, so that they can unlock their potential and interact on an equal legal basis both on the achievement of a synergic social effect between each other, and on the interaction with the state and the corporate economy.

1.5 Social economy as a contribution to the achievement of Lisbon objectives

On July 13th, 2010 EU adopted the Europe 2020 Strategy³, as a successor of Lisbon Strategy from 2000. A key concept in Europe 2020 Strategy is inclusive growth with focusing efforts and resources into the fight with poverty and social inclusion by developing labour market including under crisis conditions. This strategy creates an interrelation between 3 priorities, 5 objectives and 7 major initiatives. Social economy is related to each element of this functional structure, but most directly to Priority 3: inclusive growth that will help stimulate the economy with high levels of employment, thus leading to social and territorial coherence.

On October 27th, 2010, the European Commission adopted a Communication concerning a Single Market Act⁴ for a competitive social market economy that includes suggestions to encourage market economy enterprises and to provide access to resources and a favourable legal environment.

1.6 Volunteering and social economy

The principle of volunteering is a basic principle of the social economy enterprises' establishment and operation. Social economy is based on the principle of solidarity through voluntary work.

Voluntary work and activities matter and are important to personal development, improvement and individual involvement, and also to the creation of more social good. Volunteering is essential to the promotion of active civil position, development of civil society and strengthening solidarity.

2011 was designated as a European Year of Volunteering. Volunteering has the potential to contribute to the harmonious development of each society by encouraging social inclusion and social well-being. Alongside its social role, volunteering has economic importance and significantly contributes to the development of economy.

European Year of Volunteering should emphasize the important role of volunteer activities and at the same time remind the member states that **those activities should not be used to meet basic needs usually dealt with by social services, nor should they replace the work of public authorities.**

A number of national and international documents provide for measures and resources for volunteering development in the context of modern social attitudes and needs, and as an important resource of social economy.

One of the strategic goals related to youth in Bulgaria is the development of volunteering among young people as the driving force for personal development, mobility, learning, competitiveness, social inclusion, solidarity between generations and formation of citizenship.

In relation to the development of policy as a reaction to demographic challenges posed by the population's aging, actions have been undertaken on the level of the European Union to

³ http://ec.europa.eu/eu2020/pdf/1_BG_ACT_part1_v1.pdf

⁴ http://ec.europa.eu/internal_market/smact/docs/single-market-act_en.pdf

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encourage active ageing. An important moment of the whole active ageing policy is the development of volunteering among the elderly. In this context, the Government's programme on European development contains a measure for the identification of areas to be influenced by measures related to the better utilization of the elderly's rich experience and potential. On the national level a National Concept is developed in order to encourage active aging aimed mainly at the elderly people's social and economic life. The identified key area for the accomplishment of this goal is the creation of conditions to encourage free volunteering among the elderly.

In the context of providing employment of disadvantaged people, the initiation of volunteering initiatives and communities developing local social capital proves to be the foundation of the development of entrepreneurial activities.

Operational Programme Human Resources Development supports the development of social economy by encouraging volunteering initiatives underlying the creation of new forms of social enterprises and of new jobs generating employment for people from vulnerable groups.

Some of the measures to encourage voluntary work are ensuring the volunteers' rights and providing legal regulation of volunteers' status and of volunteer organizations.

1.7 Impact of social economy on employment

1.7.1 Social economy in the national context

The components of Bulgaria's social economy have a history, traditions and perspectives. The cooperatives which, by their nature, are the most natural potential bearer of a social enterprise's characteristics were strongly developed as early as the pre-war period as a result of the joint efforts of people having limited means but willpower and vision about dealing with social difficulties on their own. During the democratic period social economy was developed without being visible in the political area thus remaining in the background of public attention, but nevertheless finding the environment to develop its potential in parallel to the development of the civil society.

By providing employment for society's vulnerable groups, social economy helps unite the economic and the social resource for overcoming social isolation and leads to the reduction of the risk of poverty and social exclusion, to enhance the sustainability of the social policy measures.

The impact of social economy is twofold – economic and social. **Social** benefits are measured with the employment of disadvantaged people, with the contribution to the process of social inclusion and with the creation of a social capital. The most important **economic** indicator of social economy benefits are the public funds spared for social welfare on the one hand, and extra funds to compensate for the social cost of long-term unemployment, on the other hand. At the same time, the newly-created value of social economy is also a significant economic benefit. Another economic effect that this type of organization has is their flexibility and ability to mobilize resources of various origins – market and non-market resources, voluntary labour and social support.

In Bulgaria, the role of social economy in the country's general development is hardly visible, unlike that in most of EU countries. In the years of transition, the number of employees in social economy has significantly dropped, in particular that in specialized enterprises and cooperatives for people with disabilities.

1.7.2 Unemployment among disadvantaged groups

The active policy of the National Employment Agency in 2010 was specifically focused on groups of disadvantaged unemployed people on the labour market, that are specified in the National Plan on Employment Action for 2010 too: young people up to 29 years, people over 50 years, unemployed, uneducated and/or not qualified or having no degree people, long-term unemployed for more than 1 year and unemployed people with disabilities.

Registered unemployed people from disadvantaged groups on the labour market that are specified in the National Employment Action Plan for 2010 too

Indicators	2009		2010		Growth	
	number	%	number	%	number	%
Registered unemployed people	280 980	100.0	350 944	100.0	69 964	24.9
of them:						
Young people up to 29 years	51 335	18.2	63 500	18.1	12 165	23.7
Unemployed people over 50 years	106 647	37.9	131 887	37.5	25 240	23.6
Unemployed non-qualified people	162 704	57.9	197 941	56.4	35 237	21.6
Unemployed people having primary or lower education	82 453	29.3	99 276	28.3	16 823	20.4
Long-term unemployed for more than 1 year	79 727	28.4	110 848	31.6	31 121	39.0
Unemployed people with disabilities	12 774	4.5	13 657	3.9	883	6.9

Source: National Employment Agency

Except for the group of long-term unemployed and people with disabilities, additional information is needed about employment among single parents, mothers of many children, people leaving specialized institutions, former prisoners, people suffering various dependencies and other disadvantaged people.

In accordance with the additional provisions of the Act on the Promotion of Employment, Art. 4a. “**Disadvantaged groups on the labour market**” are those groups of unemployed people having weaker competitiveness on the labour market, and include: unemployed young people; unemployed young people with permanent disabilities; unemployed young people from social institutions that have completed their education; long-term unemployed, unemployed people with

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permanent disabilities; unemployed single parents (adopters) and/or mothers (adopters) with children of less than 3 years of age; unemployed people who have suffered imprisonment; unemployed people over 50 years of age; unemployed people having primary or lower degree of education and no professional qualification; other groups of unemployed.

The general design of employment policies puts disadvantaged people mostly in the role of *passive consumers* of offered possibilities of employment and education. Opportunities for self-employment, for creating employment of people from vulnerable groups by lower-level unions between families, neighbourhood or municipality initiatives to encourage their employment, are very rarely used. In that regard, the significance of social capital in combination with employment policies and the social inclusion policy for disadvantaged people should be more thoroughly utilized.

There is low flexibility in implementing specialized policies for disadvantaged people. This is especially evident in the current times of hindered economic activity.

1.7.3 Employment among people with disabilities

In recent years, people with disabilities have been increasingly dropping from the labour market. There is a large rate of people with disabilities that are not registered as unemployed at Labour Offices (LO). According to informal data people of working age having disabilities are approximately 350 000.

According to data from the National Employment Agency for the first half of 2010, the average number of unemployed people with reduced abilities who were registered at the Labour Offices was 13 734. The share of people with reduced abilities of the total number of unemployed was 3,8 %. The share of women in this group was 50,2%. The share of unemployed people with disabilities up to 29 years was 6,1%, while that of people over 50 years was 60.7%. People with disabilities having no qualifications or degree that were registered at LO were 44.1%, and those having primary or lower education– 39.1%. The possibilities of finding a job for the unemployed with reduced abilities are hugely limited. Their chances of finding a job on the real labour market are minimal. The jobs announced at the LO that do not require any education or qualification largely involve manual labour which is contraindicated for people with reduced abilities.

Apart from the unfavourable factors of the increasing number of people with disabilities, a risk group on the labour market is also that of the negative stereotypes established in the society, in particular the lack of adapted jobs and the access to them. Environmental limitations pose increasingly larger barriers before social inclusion than the people's functional disabilities do.

The majority of people with permanent disabilities are excluded from the labour market. A key factor for this is also degrees: about 90% of **working** people with permanent disabilities have secondary or higher education, while among people with permanent disabilities in general, they are a little more than the half.

Working people with permanent disabilities, regardless of their less prominent involvement on the labour market, generally have similar positions there as compared to other citizens. Their abilities to be self-employed and to do manual or non-manual work do not differ significantly from those of the rest. The only significant differences concern mainly manual labour: among permanently

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disabled workers the qualified ones are fewer than non-qualified ones. Also, those employed in construction and state governance are fewer than those employed in healthcare and social services.

On the grounds of Art. 315, para.1 of the Labour Code each employer of more than 50 workers and employees is obliged to annually designate jobs appropriate for placement of people with reduced abilities that make 4 to 10 per cent of the total number of workers and employees depending on the type of business.

According to Art. 27, para.1 of the Act on the Integration of People with Disabilities, the total number of jobs under Art. 315, para.1 of the Labour Code, an employer shall designate at least half of the total number of jobs under Art. 315, para.1 for people with permanent disabilities.

Most employers infringe this requirement. The state and municipal institutions are not inclined to hire people with disabilities thus further contributing to the formation of the public idea that there is no requirement to hire a certain percentage of people with disabilities.

According to the Bulgarian legislation, and in particular the Act on the Integration of People with Disabilities, employment of people with disabilities shall be performed through:

- Integrated working environment (open labour market);
- Specialized working environment (at specialized enterprises and cooperatives for people with disabilities).

The specialized enterprises and cooperatives of people with disabilities are those that meet the following conditions:

- They are registered under the Trade Act or the Cooperatives Act;
- They produce goods or perform services;
- They ensure average share of people with disabilities, as follows:
 - For blind and partially-sighted persons – at least 20 per cent of the total number of the staff;
 - For persons with impaired hearing and persons with other disabilities – at least 30 per cent of the total number of the staff;
- They are entered on the register of the Agency about People with Disabilities.

Specialized enterprises and cooperatives are:

- Municipal enterprises for people with disabilities;
- Cooperatives for people with disabilities;
- Specialized enterprises for blind and partially-sighted persons;
- Specialized enterprises for people with impaired hearing;
- Small and medium enterprises, including micro-companies for people with disabilities. In latest years, the number of micro and small companies has been growing, including those companies established by enterprising persons with disabilities aimed at starting their own business;
- Occupational health institutions that provide occupational therapy to patients from health institutions and hospitals.

Specialized enterprises and cooperatives for people with disabilities are the main and the preferred employers for people with disabilities because the latter feel physically and morally

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protected in a specialized working environment.

Today the number of such specialized enterprises and cooperatives is 124, according to data from the Agency for People with Disabilities, but the people employed there are not more than 5 thousand, including people with disabilities being not more than 2500, their production has significantly decreased – what is mainly produced is tolling of clothing, cardboard and plastic products.

Currently specialized enterprises and cooperatives develop production and services in several main areas:

- sewing;
- production of plastic products;
- production of cardboard packaging;
- printing and bookbinding services;
- perfumery, herbal cosmetics;
- transport for people with disabilities;
- web advertising and design, publishing and advertising;
- applied art, souvenirs, decorations, martenitsas, greeting cards;
- provision of utilities;
- production of wired home and industry devices and production of ventilation and air-conditioning filter installations, internal combustion engines' filters and filters for clean premises and HEPA-filters (by the specialized enterprise for people with impaired hearing).

Sewing takes up the largest share of the overall business of specialized enterprises and cooperatives, about 70% - production of ladies', men's and children's clothes; specialized clothing system GORETEX – special working clothes and uniforms, specialized safety clothing, sweat suits and ski suits, hunting suits, bed linen, etc.

The structure of specialized enterprises and cooperatives includes about 20% of small enterprises, 25% of medium ones and about 45% of micro enterprises. At the same time, some of the enterprises are connected with each other through one owner. This is the case for the enterprises in the system of Bulgaria's Union of Deaf People and Union of Blind People, as well as for municipal enterprises which makes them large under the Act on Small and Medium enterprises – 10% of the total number of specialized enterprises and cooperatives.

After the sharp drop in the number of employed people the production and the number of enterprises from the beginning of transition has been sustainably developing for the last 10 year, even though at a low level. This is evidenced by the developing cooperatives and enterprises such as Dobrudzhanka – Silistra, Rayna Knyaginya – Panagyurishte, Chernomorka – Burgas, Rodina – Varna, Victoria – Sofia, whose performance under the same conditions and with the same problems fundamentally differ from that of the rest – reliable participation both at the domestic and the international market and, having started as medium enterprises 20 years ago, they are now the largest specialized enterprises and corporations for people with disabilities in the country.

Protected enterprises also provide employment for people with disabilities.

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The purposes of **protected employment** are:

- Providing employment for people with disabilities, who are unable to join the general labour market, so they are ensured with working conditions in a specialized environment (workshops and ateliers);
- Stimulating and preparing people who work in the protected environment for employment on the general labour market (the logic of such an approach is that education and career development help create possibilities for integration on the general labour market).

There is no supportive environment and appropriate activities to involve people with severe disabilities who represent a large relative share of employed people with a high level of disabilities, so as for them to overcome their social isolation. Due to the specificity of some types of disabilities for example with people with mental or sensorial disabilities the labour rehabilitation process creates the need for special support measures that must involve special attention and approach to their development and fulfillment. The implementation of the human rights of people with mental disabilities is still difficult to achieve. It requires applying modern practices and involving all of the society. The problem of the people with mental disabilities' professional achievements is too complicated and topical. A condition for their inclusion in society is for them to acquire accessible professions and specializations.

1.7.4 Providing employment with social enterprises

Despite the difficulties in establishing and developing social enterprises in Bulgaria, there is a visible trend of using the capacity of non-profit organizations to create employment and integration of disadvantaged groups, for social inclusion and provision of social services.

On the other hand social economy does not provide a universal solution because the differences between regions and their problems and needs are significant. But if the state would enhance the performance of policies, supporting and encouraging social enterprises, then the benefits would be manifold. Last but not least, social enterprises in Bulgaria, as well as the whole civil sector must demonstrate that they are able to be an equal partner of the country in solving important social issues and must prove that innovativeness and flexibility are their essential features.

Bulgaria is still lacking in enough number of good practices of social development. There is no supportive environment and appropriate activities in which to involve people with disabilities, people with mental issues, people suffering various addictions or people who have suffered imprisonment.

Annually, between 7000 and 8000 persons leave prisons. About 25 per cent of them are unable to adapt to social life unless they get help. These persons lack supportive social environment where they could get employment and increase their preparedness to fully participate in social life after having left prison.

In 2009, under the scheme "Social entrepreneurship – promotion and support of social enterprises – pilot stage" under OP Human Resources Development, 46 project proposals on the establishment of 35 new and the support of 11 existing social economy enterprises were funded. 34 of them were leading organizations – providers of social services; 11 leading organizations were

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municipalities, and 1 was a cooperative.

The purpose of the scheme is to support the recovery of working habits, independence skills of people from risk groups – production of specific goods and services, studying possibilities and looking for their market realization, as well as consultations concerning social entrepreneurship development.

It is expected that with the project proposals 2694 people from vulnerable groups will be supported, of whom:

- People with disabilities – 1090;
- People from minority ethnic groups – 442;
- Single parents, mothers of many children – 190;
- Long-term unemployed people– 613;
- People leaving specialized institutions– 199;
- Children without parental care – 70;
- Former prisoners – 52;
- People suffering various addictions – 10;
- Other disadvantaged people – 46.

The larger part of the project is intended for people above 18 years of age (41 projects), while the target groups of the other 5 projects include people between 8 and 18 years of age, and adults.

Social enterprises under projects concern:

- Home and garden services;
- Art workshop;
- Applied arts workshop;
- Centers supporting disadvantaged people;
- Social Services Office;
- Nurseries;
- Car wash;
- Information point;
- Labour Office.

Professional qualification under these projects will obtain people from target groups on the following vocations: “cook and waiter-barman”, “hairdresser”, “manicurist”, “masseur”, “sewing”, “beekeeping”.

The national social economy concept is the foundation for attracting and supporting the development of efficient enterprises and social economy associations in support of the successful implementation of national social inclusion measures.

In view of preserving autonomy as a democratic basis for the establishment and operation of social economy subject, the Concept has adopted the principle of voluntary participation in the state’s measures after the model used by the Concept to answer the stimuli of the state.

The state performs control at the entrance and the exit of the participation in state measures

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under this Concept in order to:

- Maintain the integrity of statistical information concerning the implementation of the Concept;
- Ensure appropriateness of the implementation of state stimuli to the subjects of social economy that apply identification criteria;
- Distinguish social economy businesses from the rest and provide them with development possibilities by creating a specific favourable legal and administrative environment.

At a meeting held on June 16th, 2010, the Bulgarian government approved the agreement achieved on Europe 2020 Strategy that set the goal of achieving certain levels in the five major goals set in the strategy, including goal 1: **achieving 76% employment among the population aged between 20 and 64 years until 2020.**

2. Vision, goals and principles

The state aims at creating a harmonious society by encouraging the development of social economy in Bulgaria in view of achieving sustainability, economic growth and increasing people's quality of living, and mostly among disadvantaged groups. The establishment of a favourable environment for the social economy sector's development is performed with adequate policies and partnerships on the international, national, regional and local level. All interested parties are actively involved in this process.

2.1 Vision

A strong developed social economy sector which provides for the increase in the conditions for active involvement of vulnerable groups of society, for flexibility and security in employment and for the development of territorial cohesion.

In the process of establishing a model of social economy in Bulgaria the state plays an active role in the promotion, encouragement and support of the introduction of successful practices of social enterprises, including on the basis of voluntary activities, developed within civil society. In order to implement these commitments the country creates a suitable legal and institutional environment and coordinated sectoral policies for the enhanced introduction of social enterprise models in practice. In order to implement that, the state will apply measures to increase the productiveness and the competitiveness of these enterprises, and will ensure that the brand "Social Enterprise Product" is honestly obtained and respected.

2.2 Goals

A prerequisite for the development of this Concept is to achieve general consent within a large scope of stakeholders on key issues related to the nature, scope, limits and possibilities of social economy to achieve better chances of social inclusion of disadvantaged groups; to pull resources together with a view of increasing employment among groups having limited access to services and resources or being outside of the labour market; to develop territorial and local cohesion.

The concept is intended for **the following**:

1. To serve as a starting point when introducing identification criteria for social economy enterprises and organizations;
2. To serve as a current "standard" to help develop social economy and stimulate contractors and followers so that they apply and spread the spirit of social solidarity;
3. To serve as the basis for establishing a favorable administrative and legal environment for the development of a social economy enterprise (access to funding, social clauses with public procurements, tax reliefs, etc.).

2.3 Principles

The development and the establishment of a sustainable social economy sector in Bulgaria will be achieved through the application of good governance's leading principles and the specific

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principles concerning the application of social enterprises' good practices and models.

The specific principles that serve as the basis for building the social economy enterprises' good practices and models are related to ensuring the unity between economic efficiency and the specific social goals, pursuing activities in the environment of public transparency and application of solidary principles of internal management and decision-making.

3. Social economy aspects

3.1 Legal aspects

The legal resources supporting social economy entities include the following aspects:

- Legal provision;
- Legal models;
- Legal recognition;
- Statistical recognition;
- Necessary legislative amendments.

3.1.1 Legal provision

3.1.1.1 European Legislation

European Legislation provides a solid foundation in support of social economy. Relevant provisions are included in: the Treaty on the Functioning of the European Union; The Charter of Fundamental Rights in the European Union, Regulation (EC) No. 1435/2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE); Council Directive 2003/72/EC of 22 July 2003 supplementing the Statute for a European Cooperative Society with regard to the involvement of employees; Directive 2006/123/EC of the European Parliament and of the Council of 12 December on services in the internal market; Council Decision 2008/618/EO of 15 July 2008 on guidelines for the employment policies of the Member States; Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions - Proposal for the Joint Report on social protection and social inclusion 2008 (COM(2008)0042), Accompanying document to the Communication from the Commission on social protection and social inclusion (SEC(2008)0091) and to the joint report on employment 2007—2008, approved by the European Spring Council 13-14 March 2008; Resolution of the European Parliament of 6 May 1994 on alternative social economy; EP Resolution of 18 September 1998 on the role of cooperatives in the growth of women's employment; EP Resolution of 17 June 2008 on the proposal for a decision of the European Parliament and of the Council on the European Year for Combating Poverty and Social Exclusion (2010); European Parliament's Resolution of 23 May 2007 on promoting decent work for all; European Parliament's Resolution of 9 October 2008 on promoting social inclusion and combating poverty, including child poverty, in the EU, as well as in a number of European Commission's Communications; European Parliament's Resolution of 19 February 2009 on social economy (2008/2250(INI)); European Parliament resolution of 20 May 2010 on university-business dialogue: a new partnership for the modernization of Europe's universities (2009/2099(INI)).

3.1.1.2 Bulgarian National Legislation

The Bulgarian National Legislation also provides a complex set of regulations intended for the development of activities relevant to the nature of social economy:

- Trade Act;
- Act on Cooperatives;

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- Act on non-profit legal persons;
- Act on the integration of people with disabilities;
- Act encouraging employment;
- Act on social assistance.
- Act on small and medium enterprises;
- Act on crafts;
- Act on the protection and development of culture;
- Act on corporate income taxation;

Under Art. 316 of the Labour Code, municipal councils must establish specialized municipal enterprises, and employers of more than 300 employees and workers – industrial and other units for people with permanent disabilities to work at, and the specialized enterprises' activities shall be planned and accounted for separately.

Municipal Councils can establish municipal enterprises:

- Through trading companies where the municipality has a capital share, registered under the Trade Act;
- Through municipal enterprises established under Art. 53 of the Municipal Property Act.

3.1.2 Legal models

On the basis of specific legislative acts of EU Member States – Finland, Belgium, Great Britain, Poland, which contain useful legislative decision models, recommended solutions appear to be:

1. The need for continuous improvement of the legislation as an essential prerequisite for the activity, stabilization and development of social economy enterprises and organizations.
2. Performing continuous legal analysis in the aspect of social economy with a view to developing relevant legislative amendments, and also amendments of certain acts aimed at harmonizing and developing the existing legislation.

3.1.3 Legal recognition

A critical component of legal analysis and development of proposals for legislative amendments is the issue of recognizing social economy enterprises and organizations as real and legally protected participants in economic processes. It is useful to bear in mind the European position expressed by the European Parliament (A6-0015/2009):

- It is necessary to recognize European Rules for associations, mutual help companies and foundations in order to ensure equal treatment of social economy enterprises within the internal market⁵;
- EP urges the Commission and the Member States to develop a legal framework that recognizes social economy as a third sector;

⁵ So far only Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society has been adopted. Currently the need for the adoption of new such statutes or other regulations is studied.

- It urges the Commission to make sure European Private Enterprise will represent a type of entity that all types of companies would accept;
- It urges the Commission to set clear rules that would help determine which entities can legally pursue activities as social economy enterprises and help impose effective legal barriers to joining, so that only social economy enterprises would be able to benefit from funding intended for social economy enterprises or from public policies intended for encouraging social economy enterprises;

The European Commission has adopted the respective measures as a response to the abovementioned decision of the Parliament, in particular those specified in Communication 608/2010 on the Single Market Act (Proposals 36 and 37)⁶.

3.1.4 Statistical recognition:

The European Parliament (Decision A6-0015/2009):

- Urges the Commission and the Member States to support social economy, to establish national satellite accounts for each institutional sector and branch and to allow for these data to be introduced to Eurostat, by also utilizing the experience of universities;
- Underlines that the assessment of social economy is closely related to the assessment of non-profit organizations; it urges the Commission and the Member States to encourage the use of UN's Manual of Non-Profit Organizations and to prepare satellite accounts that will improve the visibility of non-profit organizations.

On the basis of this, EC has also devised a Manual for Opening Satellite Accounts for social economy enterprises. The purpose of these satellite accounts is the better statistical visualization of these enterprises considering their specific social role.

The need for statistical data about enterprises whose activities are not only profit, but also achievement of social purposes, by reinvesting the whole profit or the larger part of it in the achievement, will be increasingly topical in the context of the implementation of the updated Lisbon Strategy Europe 2020 aimed at developing a "social market economy". The creation of statistical databases about such enterprises, their maintenance and updating are imperative. The present Concept emphasizes this need and provides for the creation of such a database within the Ministry of Labour and Social Policy. The purpose of this is to define the number of social enterprises in Bulgaria and their employees belonging to disadvantaged groups as well as to create a control mechanism for the social enterprises' activities based on this. The National Statistics Institute is expected to cooperate by publishing on its webpage the respective link to MTSP's statistical database for social enterprises on the basis of an agreement.

⁶ See also Commission's reply to the Parliament concerning Decision: <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=INI/2008/2250> , документ: [SP\(2009\)2154](#)

3.1.5 Necessary legislative changes

The existing Bulgarian legislation provides a good basis for economic and public activities with a social effect. More than 30 preferential regimes that include tax and similar reliefs applied in corporate economy are directly applicable also to social economy enterprises and organizations. A more detailed analysis of this preferences system justifies the proposal for further stimulating measures as well as the adjustment of such measures in terms of the specificity of social economy. The creation of a routinely operational mechanism of monitoring over public activities with a social effect, the collection and analyses of data concerning their status, action and performance, as well as their need for the legislation to be improved, so as to ensure the maintenance and stimulation of their performance is a direct task typical for state administration which, if necessary, by consulting all stakeholders, will adopt amendments to the legislation concerning social economy enterprises and organizations:

- ▲ For legal recognition;
- ▲ For statistical recognition;
- ▲ Adjustment, respectively expansion of the applicable field of preferential regimes with a view to fully include social economy entities in them.

The legal and the statistical recognition of enterprises and organizations from social economy is an important prerequisite for clear and fair interactions between the state and the social economy. In particular the statistics for these activities will help the state to appropriately orientate and devise not only social economy policies, but also general social protection policies.

The present Concept reflects the opinion of stakeholders that reasonable proportions must be maintained as to the rights, obligations, control and monitoring of social economy and the participation of stakeholders in order to avoid stagnation of the state regulation. Economic and humanitarian activities having the specificities of social economy should be freely selected by the contractors themselves, including by using examples from established European practices. The state will avoid over-regulation and control over social economy enterprises and organizations in order to preserve their autonomy and administrative and financial distance concerning state administration and state sector in economy. Meanwhile the state will require for social enterprises and organizations which haven't obtained the brand "Social Enterprise Product" to ensure institutional and financial transparency.

3.2 Institutional aspect

The institutional resource for the maintenance and development of social economy is a two-pole system of state institutions that develop and implement the legislative basis and the supporting (resp. stimulating) funding on the one hand, and the social product-generating cooperatives, enterprises and organizations, on the other hand.

In order to preserve the autonomy in the application sector, the relation between the two sides of the process is not directly implemented, but may be implemented by various in terms of status and capacity mediator institutions.

One of institutional interaction's principles is the smooth direct communication and feedback (from the state to enterprises and organizations performing social activities).

The direct communication provides:

- The legal resource;
- Targeted, stimulating state resources.

Feedback between social economy institutions provides statistical data from the applied field to the competent state institutions

The role of local authorities in the development of social economy must be enhanced. Currently there is not enough theory and practice concerning their role and it must be emphasized that they study and identify local communities' needs, they initiate and support local policies and informal development platforms for various manifestations of social economy in the local communities. They are expected to be involved in the social enterprises through public-private partnerships and municipal forms. The selection of application mechanisms for public-private partnership will depend on the possibilities, needs and preferences of local authorities.

Currently there are various enterprises and organizations in Bulgaria, which fall within the social economy sector: specialized enterprises, cooperatives of people with disabilities, protected enterprises; the types of enterprises registered under the Cooperatives Act and meeting the social enterprises' indicators; social enterprises under and at non-profit legal persons (foundations and associations). Informal structures – networks and platforms involved in the development of social economy – also play a role in the sector's development. The network of mutual support companies, usually under enterprises, has traditions in the Bulgarian society. Within them people help each other in the field of financial services such as micro crediting, health and social insurance, other insurance. They could also develop into social enterprises.

There is institutional and regulatory freedom for action in Bulgaria, as well as ample possibilities to create and develop social enterprises and informal networks under the existing legislation.

3.3 Material aspect

One of the benefits of social economy is that it provides its material resources on its own, by using sources and reserves that the state has no access to. The mobilization of immovable and movable property being the personal property of volunteers in the process is a prerequisite for market flexibility. This helps avoid difficult bureaucratic procedures, political dependencies, financial rivalries, that can ruin even actions of national priority, and most of all it helps gain time.

Regardless of the phenomenal potential of material self-support, social policy in the country must not lose track of social economy's material needs and where possible timely spare such a resource that would prove essential mainly for the preservation and development of employment, especially in crisis periods. As a rule, the social and the economic effect of investing a unit of such a resource is significant.

3.4 Financial aspect

Just like the material one, the provision of a financial resource for social economy entities is generally voluntary, by the members, thus they ensure security and flexibility due to the lack of bureaucratic obstacles. A serious problem with self-funding is scarce potential.

For this aspect too, Bulgaria's social policy provides for various approaches for financial support of the sector through:

- Schemes providing grants for the establishment and the development of social enterprises and of social platforms;
- Tax exemptions – expanding the scope of existing preferences so as to include all social enterprises under strict control of the nature of social enterprises' activities;
- New tax preferences for social enterprises;
- State subsidies that are eligible under the Block Exemption Regulation concerning certain state aids⁷;
- Access to crediting;
- Identifying additional specific criteria to the benefit of enterprises in the field of social economy when they participate in procedures for the acquisition of public procurements, because due to their nature they are equal to capital associations.
- Stimulating donation for the benefit of social economy through tax preferences for donors;
- Searching for possibilities to use programme period 2014-2020 for planning and providing means by which to implement national and local policies.

It is possible to provide a meaningful addition to this resource under Operational Programme Human Resources Development and OP Competitiveness for the periods 2007-2013 and 2014-2020, in particular OP HRD:

- priority 5 "Social inclusion and promotion of social economy":
 - Priority 5.1. Supporting social economy. The purpose is to stimulate initiatives in the field of social economy and investments in social capital by supporting social entrepreneurship as a possibility to improve the quality of living of people from risk groups and to deal with their social isolation. Two new operations are to be initiated – **New possibilities** – the current operation is aimed at supporting the process of developing social economy and creating social capital by supporting municipalities in their providing employment and active living to people from risk groups; **A Chance for Everyone** – this scheme is aimed at supporting the social inclusion of people with disabilities by assisting specialized enterprises and cooperatives for people with disabilities for the provision of training aimed at obtaining professional qualification or upgrading it, and the ensuring of employment for people with disabilities.
 - Priority 5.2. Social services for the prevention of social exclusion and dealing with its effects. The aim is to expand the possibilities of improving the quality of living of people from vulnerable groups and/or their families by encouraging equal opportunities for vulnerable groups and

⁷ http://ec.europa.eu/competition/state_aid/legislation/block.html

increasing the scope, diversity and purposefulness of social services provided in the community and at specialized institutions.

➤ Priority 1.1. "Integration of vulnerable groups on the labour market, operation "Training and adaptation" intended for the re-socialization of people suffering imprisonment.

• Priority 1. "Encouraging the economic activity and the development of a labour market that promotes inclusion:

3.5 Political aspect

The resources that predetermine the development of social economy and its components have various functions and effects. The political resource represents a generalization and a regulator of the other resources, and the financial one predetermines their physical performance.

3.5.1 On a central state level

The state monitors the condition and the development of social economy also through its competent institutions and experts, mainly through the existing social protection systems; it supports social economy entities, so as to maintain their abilities and territorial scope on an adequate level in terms of the rate of unemployment and social exclusion.

Presumably, the resources of social economy entities are self-supporting, using the personal material, financial and labour contribution of the people involved in the activities. Depending on current or perspective socio-political considerations the Government shall provide certain social economy entities: human resources (through recruitment, through educational and training measures); material resources that also includes building stock and public utilities; financial resource.

Since the financial resource can replace or generate the other resources, both, the European Commission and the national governments adopt a specific view concerning the allocation of funds for social economy on the following grounds:

- The amount of such a subsidy is very small compared to national budgets;
- The return as a specific product and as a stabilizing effect is usually quite high;
- The moral and the mobilizing effect is strong and in nature indispensable.

In 2006 EC adopted the Block Exemption Regulation "de minimis", allowing Member States to allocate up to 200 000 Euro to certain companies, including ones operating in the field of social economy, without any formalities whatsoever. In 2008, the Commission adopted the General Block Exemption Regulation ((EO) No. 800/2008), allowing Member States to allocate a large number of aid categories (for education, employment, small and medium enterprises, environment protection, etc.) without notifying the Commission in advance. In the context of the financial crisis, the Commission has adopted a temporary framework that allows Member States to allocate extra aid in view of providing access to funding. All of these aid categories can be particularly beneficial for social enterprises and can be allocated with few or without any administrative formalities⁸.

⁸ <http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/social-economy/social->

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The state implements a consistent social policy conformed to the nature of social economy and the entities operating within it, aimed at stabilizing social results; to that end it will introduce procedural and tax reliefs, and for people with disabilities – infrastructural reliefs too.

3.5.2 On the local level

The competent state authority involved in the application of the present Concept, implements the state social economy policy territorially, through the national network of executive agencies and local authorities.

3.5.3 On the level of the social dialogue – recognized as a social partner

Social economy as an element of social dialogue is a concept that existing social partners understand and accept in view of the subject of social dialogue and the possibilities of social economy to serve as an example of solving social disputes, given that it operates as an employer, an employee, an investor and an enterprise owner, all at the same time.

On the European level, the European Centre of Employers and Enterprises providing Public services (CEEP) (<http://www.ceep.eu/>) has been recognized by the European Commission as a representative association of employers in the European Social Dialogue. As a social partner, CEEP represents the interests of its members that also include social enterprises among European institutions; it takes advice from the European Commission regarding draft regulations. CEEP delegates its representatives and observers to committees and advisory bodies of European institutions, because in this way it can protect the interests of its members.

On the basis of the subsidiarity principle, Member States can apply this model in the national social dialogue. The European Parliament (A6-0015/2009) supports the need to recognize the components of social economy in the European sectoral and cross-sectoral dialogue and requires that both the Commission and the Member States encourage the process of involving operating social economy entities in tripartite consultations on all labour-law and insurance issues.

3.6 Human resource

Social economy sector develops thanks to trained staff. In that regard, the European Parliament's resolution of 20 May 2010 on university-business dialogue: a new partnership for the modernization of Europe's universities was adopted, whereby EP:

- “46. Recalls that commercial entrepreneurship in its various forms should be envisaged as one of the possible professions for young graduates and that it is essential for higher education institutions to provide students with detailed knowledge of all forms of entrepreneurship, including the social and charitable economy, encouraging them, for instance, to establish their own spin-off firms”;
- “72. Encourages the Commission to continue promoting dialogue at national, local and regional level with a focus on best practices, and to ensure that such dialogue involves all interested parties (for example the social partners) and all types of enterprise (SMEs, social and charitable enterprises, etc., as well as representatives of third countries (NGOs, etc.), with a view to

highlighting the economic and social added-value of collaboration between the two worlds of university and business”.

The attitude and the reactions of academic and research communities in Bulgaria are appropriate in terms of time and nature to Bulgaria’s urgent need for fitting in this aspect of the European social inclusion aspect.

The Business Faculty at the University of National and World Economy (UNWE) operates a Department of Entrepreneurship and the subjects of “Entrepreneurship” at UNWE in view of creating trained entrepreneurs and managers in a dynamic business environment – including international and multicultural one.

St. Cyril and St. Methodius University of Veliko Tarnovo, Department of “Organization and methodology of social activities” introduced in 2009 a Bachelor’s Degree major “Entrepreneurship in the social field”. In the academic 2009/2010 the first class of students in that major was admitted. In 2010 the Department introduced a Master’s Degree program in social entrepreneurship, distant learning, that was approved by the Academic Council.

In the last 15 years, vocational training centers have been performing the task of qualifying and re-qualifying some of Bulgaria’s unemployed people. The National Agency for Vocational Education and Training (NAVET) under the Council of Ministers is an institution licensing vocational training centers.

Education in social entrepreneurship is one of the best innovations in higher education. But current professions do not represent the specific nature and contents of social entrepreneurship to the extent necessary. **The need for regulating the vocation of “social entrepreneur” is being discussed.**

4. Organization for the Concept's implementation

4.1 Social economy subjects

Social economy is developed through **various organizational and legal forms of entrepreneurship** such as cooperatives, mutual support companies, associations, social enterprises and organizations, foundations and other legal entities, existing in various EU Member States.

In social economy, those cooperatives, enterprises and organizations that are duly registered under the national legislation and whose activities have social and humanitarian effects, and that re-invest their profit in social goals have legal personality.

4.2 Identification criteria for the subjects of social economy

Bulgaria will stick to the European Parliament's indicators for the identification of economic and humanitarian activities as part of social economy:

- The rule of community and socially-oriented activities are more important than profit;
- Protection and implementation of solidarity and responsibility principles;
- Matching the interests of members with the common interest;
- Democratic control of members (one participant – one vote);
- Voluntary and open membership;
- Self-governance and autonomy from state authorities;
- Investing a major part of the economic results:
 - ✓ To meet the goals of the company's sustainable development;
 - ✓ To satisfy the specific necessities of participants;
 - ✓ To benefit collective interest.

These indicators support the possibility to distinguish social enterprises and activities among real-economy entities, but they must not be taken for absolute, because they may also hinder their activities and development. For example the autonomy from state authorities may be a major obstacle before obtaining state subsidies if applied to the transparency of public funds' utilization, regardless of their character.

4.3 The brand "Social Enterprise Product"

The state has introduced the **brand "Social Enterprise Product"** with a suitable logo and procedure for its award to businesses whose business performance meets the indicators introduced with the present Concept. The awarded company uses the brand to label products from its product specification, industrial commercial areas and sites, documents, advertisements, clothing products, etc.

The purpose of obtaining the brand and applying it is to attract public attention to the cause that such enterprises work for in view of attracting the sympathy of the general clients of consumer goods and services in the form of purchases from preferred commercial sites.

Social economy enterprises which have obtained the brand are considered as a public

resource users and should provide statistical information on request.

4.4 Implementation plans

The implementation of the social economy concept will be performed through a **package of measures included in annual implementation plans**. The measures intended to be used in the implementation of the measures are in conformity to the goals of the Concept and represent coordinated joint activities of implemented partners. Some of them are individually implemented by state institutions, and others – jointly by interested parties from the non-governmental sector, social partners, employer associations, etc. The plan specifies the leading state institutions identified depending on their competences. The deadlines for the activities and the sources for their funding are listed. The plans are approved within the National Tripartite Cooperation Council and are then adopted by the Council of Ministers.

4.5 Institutions responsible for the implementation of the concept

The development of policies and the formation of a supportive environment are directly dependent on the coordination of the Concept's implementation process.

The organization, the coordination and the control over the development and application of measures in the field of social economy is assigned to the Minister of Labour and Social Policy as the initiator of the development of the National Concept due to involvement with the application of the Concept. The current coordination is assigned to the Department of "Living Standard, Demographic Development, Policies and Strategies", MLSP. The format for the performance of these activities is a continuously operating interdepartmental working group at the Ministry of Labour and Social Policy or an Advisory Council under the Ministry of Labour and Social Policy. The Minister identifies the members and their functions by passing an order.

4.6 Financial provision for the implementation of the Concept

The accomplishment of the Concept for social economy's goals requires the respective financial resources for the measures included in the plans for its implementation. Some of the planned measures are to be funded within the programme's budgeting (state budget – incl. MLSP's budget, and municipal budgets). Depending on the planned activities it is expected that financial means from other resources will be attracted too (European Union's operational programmes, donation programmes, etc.), as well as active involvement of all the interested parties.

4.7 Monitoring and evaluation of results

The concept shall be applied within annual reporting cycle. Reports are issued concerning the implementation of the measures, and are submitted by March 31st in the year following that of the implementation. The reports shall include information about the activities performed by all interested parties involved in the implementation. The results from the implementation of the measures included in the plan shall be summarized by the coordinating units in reports that shall be presented to the Minister of Labour and Social Policy.

4.8 Information sharing on the local, national and European level, publicity and transparency

The information sharing on different levels is necessary and should be performed within the standard procedure requirements. In view of ensuring greater publicity and awareness, it is necessary to hold information days and campaigns as well as trainings for the promotion of the social policy ideas.

In order to ensure transparency of the Concept's implementation, the results from the monitoring shall be distributed whereby feedback will be possible. The main medium for this exchange of opinions shall be Internet via a specialized website, as well as the social networks. It is important to use other media too, in case the core of this Concept is the manifestation and the distribution of people's natural sense of social solidarity.

The maintenance of a forum at the website for the Concept might help achieve further results in the distribution and the acceptance of the Concept.

5. Devising and improving the Concept

With regard to the devising and the improving of the Concept, the most urgent tasks for the Government include:

- ✧ Initiating the Concept by institutionalizing its implementation;
- ✧ Approving the criteria for the access to participation in the Government's measures on the part of social economy enterprises and organizations;
- ✧ Proposing legislative amendments intended for improving the favourable legal and administrative environment for the development of social economy enterprises taking account of the opinion of all interested parties;
- ✧ Encouraging measures that will help statistical reporting of social economy.

The conclusions from the statistical reporting of participation will lay the foundation of continuous corrections and amendments both of the Concept and of relevant regulations.

Dictionary of key terms:

“social economy” – a collective term naming physical and/or legal persons, volunteer associations or other organized subjects doing business for the benefit of society that reinvest their profit in the accomplishment of social goals;

“social enterprise” – a business whose major goals are social and whose surplus is reinvested back into the business and the community.

“social entrepreneur” – a person who mobilizes resources and uses possibilities to meet existing needs and help disadvantaged people;

“social entrepreneurship” – a business activity that combines market possibilities with social causes, putting people and their needs at the front;

“social enterprise compass” – a method for identification of a legal person’s belonging to social economy;

“corporate social responsibility” – a concept whereby companies voluntarily integrate their activities in environment protection and their social initiatives in their business strategies and in their interaction with all stakeholders” (European Commission Communication of March 2006 “Applying partnership for growth and jobs: let’s make Europe an example for the implementation of the corporate social responsibility”);

“beneficiary” – an operator, an authority or a company, no matter whether public or private, responsible for the initiation or the initiation and implementation of operations. In the context of financial support schemes under Art. 87 of the Contract, beneficiaries are public or private companies that implement a certain project and that obtain public aid;

“grant” – without prejudice to Art. 108 of Regulation (EC, Euratom) No 1605/2002, these are means provided under OP Human Resources Development, including the relevant national co-funding in view of implementing an approved project intended for certain results;

“human rights” – rights and freedoms considered inherent for each person. In the modern world, human rights and freedoms are defined in international conventions and introduced in national legislation;

“social rights” – parts of human rights of a specific social nature – also a subject of international conventions (for example the European Social Charter) and of national legislation;

“civil society” – a socially active stratum located between the Government and the business. The purpose of the civil society is to express social positions;

“social partners” – under the conventions of the International Labour Organization (ILO) – employees’ organizations (syndicates) and employers’ associations;

“social dialogue” – communication between social partners, aimed at coordinating current or long-term elements of industrial relations on the basis of ILO’s conventions (with a focus on C87; C144). Social dialogue has been enshrined as a principle in the EC Treaty (Art. 138 and 139). In the RB’s Labour Code, the social dialogue has been defined under Art. 2, and social dialogue’s subject and procedures have been identified under Art. 2-49 of LC). Social dialogue is involved in industrial

relations throughout the national economy, and social economy can also be subject to their activity;

The brand "Social Enterprise Product"- identifying businesses with a logo and an award procedure, whose activities' results correspond to the indicators, introduced with the National Social Economy Concept. The awarded company uses the brand to label goods of its product specification, industrial and commercial areas and sites, documents, advertisements, work clothing, etc. The purpose of obtaining the brand and the public use of its symbol is to attract public attention to the cause that such enterprises work towards;

"catalogue of social economy subjects " – informal register of social economy subjects which is electronically maintained and published by the Ministry of Labour and Social Policy for the purpose of public awareness;

"advisory council for social policy" – a public and state council under the Ministry of Labour and Social Policy for the implementation of the National Social Economy Concept; it adopts the brand "Social Enterprise Product" and identifies the subjects to be registered/deleted from the Catalogue of social economy;

"voluntary activity" – it represents the will of an individual and his/her abilities to freely perform actions to help others and to support the overall condition of society;

"social exclusion" – a process whereby certain people are pushed to the edge of society and are prevented from fully participating in it due to their poverty or lack of basic competences and lifelong learning abilities, or as a result of discrimination;

"social inclusion" – a positive result from governmental measures and non-governmental organizations' initiatives aimed at overcoming or preventing social exclusion.