



European
Commission

SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN EUROPE

Country report

POLAND

Anna Ciepielewska-Kowalik

This report is part of the study "Social enterprises and their ecosystems in Europe" and it provides an overview of the social enterprise landscape in Poland based on available information as of November 2019. It describes the roots and drivers of social enterprises in the country as well as their conceptual, fiscal and legal framework. It includes an estimate of the number of organisations and outlines the ecosystem as well as some perspectives for the future of social enterprises in the country.

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

Manuscript completed in March 2020

1st edition

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

Luxembourg: Publications Office of the European Union, 2020

© European Union, 2020

Reuse is authorised provided the source is acknowledged.

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

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

You can download our publications or subscribe for free at:

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

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

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

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

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



SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN EUROPE

Country report
POLAND

Anna Ciepielewska-Kowalik

This report is a second update of the original country report, submitted by ICF Consulting Services to the European Commission in 2014. The current version is based on available information as of November 2019.

The first update was done in 2016 by Anna Ciepielewska-Kowalik (Institute of Political Studies, the Polish Academy of Sciences) and Bartosz Pielński (Institute of Social Policy, University of Warsaw). The current, 2020 update was carried out by Dr Ciepielewska-Kowalik alone. The author acknowledges the valuable input from various stakeholders as well as from EU level project coordinators (Carlo Borzaga, Giulia Galera, Rocío Nogales, Barbara Franchini, Stefania Chiomento) and the members of the advisory boards for the 2016 and 2020 update rounds.

Recommended citation:

European Commission (2020) *Social enterprises and their ecosystems in Europe. Updated country report: Poland*. Author: Anna Ciepielewska-Kowalik. Luxembourg: Publications Office of the European Union. Available at <https://europa.eu/!Qq64ny>

Countries included in the three social enterprise mappings by the European Commission

No	Country	TYPE	2014	2016	2018-2020
1	Albania	Fiche	-	-	✓
2	Austria	Report	✓	-	✓
3	Belgium	Report	✓	✓	✓
4	Bulgaria	Report	✓	-	✓
5	Croatia	Report	✓	-	✓
6	Cyprus	Report	✓	-	✓
7	Czech Republic	Report	✓	-	✓
8	Denmark	Report	✓	-	✓
9	Estonia	Report	✓	-	✓
10	Finland	Report	✓	-	✓
11	France	Report	✓	✓	✓
12	Germany	Report	✓	-	✓
13	Greece	Report	✓	-	✓
14	Hungary	Report	✓	-	✓
15	Iceland	Fiche	-	-	✓
16	Ireland	Report	✓	✓	✓
17	Italy	Report	✓	✓	✓
18	Latvia	Report	✓	-	✓
19	Lithuania	Report	✓	-	✓
20	Luxembourg	Report	✓	-	✓
21	Malta	Report	✓	-	✓
22	Montenegro	Fiche	-	-	✓
23	The Netherlands	Report	✓	-	✓
24	North Macedonia	Fiche	-	-	✓
25	Norway	Fiche	-	-	✓
26	Poland	Report	✓	✓	✓
27	Portugal	Report	✓	-	✓
28	Romania	Report	✓	-	✓
29	Serbia	Fiche	-	-	✓
30	Slovakia	Report	✓	✓	✓
31	Slovenia	Report	✓	-	✓
32	Spain	Report	✓	✓	✓
33	Sweden	Report	✓	-	✓
34	Switzerland	Report	✓	-	-
35	Turkey	Fiche	-	-	✓
36	United Kingdom	Report	✓	-	✓

TABLE OF CONTENTS

List of acronyms	8
List of illustrations, figures and tables	10
Executive summary	12
1. BACKGROUND: SOCIAL ENTERPRISE ROOTS AND DRIVERS	17
1.1. Before 1989	18
1.2. After 1989	20
2. CONCEPT, LEGAL EVOLUTION AND FISCAL FRAMEWORK	23
2.1. Defining social enterprise borders	24
2.1.1. The EU operational definition of social enterprise	24
2.1.2. Application of the EU operational definition of social enterprise in Poland	24
2.1.3. Summary: What kind of "constellation"?	39
2.2.1. Legal frameworks specific for social enterprises	41
2.2.2. Law frameworks regulating social enterprises depending on their legal forms	45
2.3. Fiscal framework	48
2.3.1. Benefits foreseen for particular legal types	50
2.3.2. Benefits foreseen for social enterprises due to employing persons from disadvantaged groups and obtaining public benefit status	54
2.3.3. Social enterprises in the context of fiscal support for small and medium-sized enterprises (SMEs)	56
3. MAPPING	59
3.1. Measuring social enterprises	60
3.2. Social enterprise characteristics	61

4. ECOSYSTEM	71
4.1. Key actors	72
4.1.1. Policy makers	72
4.1.2. Social Economy Support Centres as examples of support structures at regional and local level	74
4.1.3. Awards and private certification schemes for social enterprises	76
4.2. Policy schemes and support measures	77
4.2.1. Support measures addressing all enterprises that fulfil specific criteria	77
4.2.2. Support measures addressing social economy/non-profit organisations	78
4.2.3. Support measures specifically addressing social enterprises	81
4.3. Public procurement framework	81
4.4. Networks	84
4.5. Research, education and skills development	85
4.6. Financing	88
4.6.1. Demand for finance	88
4.6.2. Supply of finance	88
4.6.3. Market gaps and deficiencies	91
5. PERSPECTIVES	97
5.2. Constraining factors and opportunities	100
5.2.1. Constraining factors	100
5.2.2. Opportunities	103
5.3. Trends and future challenges	104
6. APPENDICES	106
Appendix 1. The EU operational definition of social enterprise	107
Appendix 2. Reference list	110

List of acronyms

- > **BGK** National Economy Bank (*Bank Gospodarstwa Krajowego*)
- > **CIS** Social Integration Centre (*Centrum Integracji Społecznej*)
- > **CSO** Central Statistical Office of Poland (*Główny Urząd Statystyczny*)
- > **EaSI** Employment and Social Innovation Programme
- > **EIF** European Investment Fund
- > **ENPO** Entrepreneurial Non-Profit Organisation
- > **ESF** European Social Fund
- > **EU** European Union
- > **FIO** Civic Initiative Fund (*Fundusz Inicjatyw Obywatelskich*)
- > **FISE** Foundation for Socio-Economic Initiatives (*Fundacja Inicjatyw Społeczno-Ekonomicznych*)
- > **FTE** Full-time equivalent
- > **IM** Micro Initiative (*Inicjatywa Micro*)
- > **KIS** Social Integration Club (*Klub Integracji Społecznej*)
- > **KKRES** State Committee for Social Economy Development (*Krajowy Komitet Rozwoju Ekonomii Społecznej*)
- > **KPRES** National Programme for Social Economy Development (*Krajowy Program Rozwoju Ekonomii Społecznej*)
- > **KRS** National Court Register (*Krajowy Rejestr Sądowy*)
- > **KSES** State Secretariat for Social Economy (*Krajowy Sekretariat Ekonomii społecznej*)
- > **LB** Labour Fund (*Fundusz Pracy*)
- > **MPiPS** Ministry of Labour and Social Policy (*Ministerstwo Pracy i Polityki Społecznej*)
- > **MRPiPS** Ministry of Family, Labour and Social Policy (*Ministerstwo Rodziny, Pracy i Polityki Społecznej*)
- > **NPO** Non-Profit Organisation
- > **NPR** National Reform Programme (*Narodowy Program Reform*)
- > **OWES** Social Economy Support Centre (*Ośrodek Wsparcia Ekonomii Społecznej*)
- > **OZRSS** National Audit Association of Social Cooperatives (*Krajowy Związek Rewizyjny Spółdzielni Socjalnych*)

- > **PBO** Public Benefit Organisation (*Organizacja Pożytku Publicznego*)
- > **PFRON** State Fund for Rehabilitation of Disabled Persons (*Państwowy Fundusz Rehabilitacji Osób Niepełnosprawnych*)
- > **PLN** Polish Złoty
- > **PWDs** Persons with disabilities
- > **ROPS** Regional Centre for Social Policy (*Regionalny Ośrodek Polityki Społecznej*)
- > **SMEs** Small and medium-sized enterprises
- > **SOF-1** Research on foundations, associations and similar organisations, conducted by CSO
- > **SOF-4** Research on economic and occupational self-government, and employers' organisations, conducted by CSO
- > **TISE SA** Social and Economic Investment Company SA (*Towarzystwo Inwestycji Społeczno-Ekonomicznych SA*)
- > **WISE** Work Integration Social Enterprise
- > **WTZ** Occupational Therapy Workshop (*Warsztat Terapii Zajęciowej*)
- > **WUP** Province Employment Agency (*Wojewódzki Urząd Pracy*)
- > **WWII** Second World War
- > **ZAZ** Professional Activity Establishment (*Zakład Aktywności Zawodowej*)
- > **ZPCh** Supported Employment Enterprise (*Zakład Pracy Chronionej*)

List of illustrations, figures and tables

- > **Illustration 1.** "Jedyneczka" social cooperative
- > **Illustration 2.** Association for Development, Community Psychiatry and Care (Entrepreneurial non-profit organisation)
- > **Illustration 3.** Vocational enterprise for the handicapped (ZAZ) managed by the Foundation "Home for Family Rehabilitation for Children with Cerebral Palsy"
- > **Illustration 4.** Association for Development of Bałtów Commune "Bałt"
- > **Illustration 5.** A hub of social enterprises: the Foundation of Mutual Help Barka and the Association of Organisations – Network of Cooperation Barka (entrepreneurial non-profit organisation),
- > **Illustration 6.** Akces Lab – social cooperative in the field of IT
- > **Illustration 7.** The School for Leaders – a social enterprise in the search of balance (Entrepreneurial non-profit organisation)

- > **Figure 1.** The "constellation" of Polish social enterprises
- > **Figure 2.** Number of newly established social cooperatives
- > **Figure 3.** Annual income of all social cooperatives (in thousand PLN)
- > **Figure 4.** Average number of members in social cooperatives established by natural and legal persons
- > **Figure 5.** Number of ZAZ, in 2000-14
- > **Figure 6.** ZAZ: number of employees by their categories, in 2006-14
- > **Figure 7.** System of key actors in the ecosystem for social enterprises in Poland

- > **Table 1.** Fiscal framework for Polish social enterprises
- > **Table 2.** Social enterprises in Poland, in 2014
- > **Table 3.** Social cooperatives according to the Polish Classification of Economic Activities
- > **Table 4.** Income structure of ENPOs, in 2014
- > **Table 5.** Proportion of ZAZ managed by local municipalities, in 2006-14
- > **Table 6.** ZAZ by fields of activities, in 2013

- > **Table 7.** ZAZ employees by type of disability, in 2013
- > **Table 8.** Financing of the tasks for the support of the social economy (NRP - 2019/2020 update) - in thousand PLN
- > **Table 9.** Typology of public support measures in Poland
- > **Table 10.** Education for social enterprises on the academic level

Executive summary

Background

Polish social enterprises have their roots in voluntary engagement and cooperative movements dating long before World War II. These traditions survived despite the communist regime and then revived in the democratic revolution after the breakthrough of 1989, enabling associations and foundations to bloom in the following years. More recently, Poland's entry to the European Union played a key role in boosting the development of social enterprises. This factor introduced social enterprise as a theoretical concept. This resulted in two parallel processes: the evolution of traditional legal forms—such as foundations and associations—toward market orientation, and the legal recognition of new legal types, such as social cooperatives.

Concept, legal evolution and fiscal framework

According to the EU operational definition, four types of social enterprises can be distinguished. These are: social cooperatives, entrepreneurial non-profit organisations (ENPOs), professional activity establishments (zakład aktywności zawodowej – ZAZs) and non-profit companies.

Social cooperatives can be regarded as social enterprises par excellence, and—along with ENPOs—they are situated in the very centre of the "constellation" of Polish social enterprises. ZAZs and non-profit companies can be included in the social enterprise "constellation", although they are situated a little further from its very centre.

Social enterprises in Poland are regulated by specific legal frameworks for each type. This is due to the fact that no commonly shared legal definition of a social enterprise has yet been agreed upon. However, some steps toward the legal recognition of social enterprises have been made in the National Programme for Social Economy Development (KPRES), which was accepted by the Council of Ministers in 2014 and extended (with some novelties) in 2019 for the next four years. It recognizes social enterprises as various legal types demonstrating particular features. Legal recognition of social enterprises is also declared by the draft Act on Social Enterprises and Supporting Social Economy, which—if enacted—will introduce a social enterprise status that could be obtained by organisations regardless of their legal types if they fulfil certain conditions.

Mapping

The analyses conducted in this study have revealed that 29,535 social enterprises existed in Poland in 2019. The most numerous are ENPOs, estimated at 27,600, followed by 1,600 social cooperatives, 226 non-profit companies, and 109 ZAZs. At this time, social enterprises employed 428,700 individuals, but their employment potential, measured in the full-time equivalent (FTE) is much smaller.

Ecosystem

The policy on social enterprises in Poland is shaped in the first place by the Ministry of Family, Labour and Social Policy and by the Department of Public Benefit located within the structure of this Ministry. The support structure for social enterprises consists of social economy support centres (OWESs), which provide tailored services for social enterprises.

Policy schemes supporting social enterprises consist of two pillars: support measures addressing all enterprises that fulfil specific criteria, and support measures addressing social economy/non-profit organisations. The first pillar encompasses grants provided to all types of enterprises that meet particular criteria, for example if they employ workers with disabilities or persons from disadvantaged groups who have problems with (re) integration into the labour market. These grants are provided by the Labour Fund (LB) and by the State Fund for Rehabilitation of Disabled Persons (PFRON). At the same time, public procurement law favours enterprises employing particular types of employees and taking into consideration particular social aspects. The second pillar is shaped in the first place by KPRES, which specifies the key directions of public intervention in the field of the social economy and social enterprises at the national level. It also identified specific tasks that provinces are expected to carry out in the field of social economy and social enterprises. Additional support measures include loans and loan agreements for social economy organisations, a tax assignment system addressing these entities and co-financing of salaries of workers employed by particular legal types.

The system of networks integrating and representing social enterprises in Poland is under construction. Only two networks have been investigated in this study. These are the National Audit Associations of Social Cooperatives (*Ogólnopolski Związek Rewizyjny Spółdzielni Socjalnych – OZRSS*) and the Union of ZAZs Employers and Other Social Enterprises (*Ogólnopolski Związek Pracodawców Zakładów Aktywności Zawodowej i innych Przedsiębiorstw Społecznych*), which gathers mostly ZAZs.

Poland has developed a comprehensive system of social enterprises investigation. It consists of various organisations collecting data on different legal forms. Poland has also developed a system of education addressing social enterprises, which implies the introduction of curricula in several private and public universities, and a special

"educational package" used in the form of manual for teachers working in primary and secondary schools.

The major financial intermediaries, which provide financial support secured for social enterprises by the European funds, consist of public institutions such as the Ministry of Family, Labour and Social Policy and the National Economy Bank (*Bank Gospodarstwa Krajowego* – BGK). In the distribution of funds, they are assisted by the Social and Economic Investment Company TISE SA (*Towarzystwo Inwestycji Społeczno-Ekonomicznych SA*). Other non-profit organisations, such as in particular the Polish-American Community Assistance Fund (PAFPIO) and NESsT provide micro loans supplementing the Polish system of financial intermediaries.

The financing system for social enterprises is characterised by some challenging aspects: i.e., a limited number of institutions providing finance, and the domination of instruments supported by the EU, which may generate problems with sustainability once the projects are finalised.

Perspectives

The main problems facing social enterprises in Poland are: conceptual confusion in defining social enterprise, ambiguities in understanding the roles played by social enterprises and a lack of consensus on the need to create specific legal frameworks designed for social enterprises. These problems are interwoven with a number of barriers encountered by Polish social enterprises. These include reluctance to undertake and carry out economic activities among non-profit organisations; limited demand for goods and services provided by social enterprises from public authorities, market enterprises and individual recipients; poor managerial skills among managers of social enterprises; poor economic condition of social enterprises; poor intermediary structures and networks representing social enterprises, and negative public perception of social enterprises.

At the same time, there are several opportunities to be seized by social enterprises. These are: a strong voluntary tradition, European funds that have consistently supported Polish social enterprises, vibrant debate about social enterprises at the national level, the potential of research institutions collecting data on social enterprises and the introduction of a favourable law on public procurements. The most important challenge that Polish social enterprises are currently facing is, however, a strong tendency to conflate these entities with work integration social enterprises.



1

BACKGROUND: SOCIAL ENTERPRISE ROOTS AND DRIVERS

In the first section, Poland's roots and drivers are described in relation to the country's voluntary engagement and cooperative movements dating back to before World War II. These traditions survived despite the communist regime and were revived in the democratic revolution after the breakthrough of 1989, enabling associations and foundations to bloom in the following years. More recently, Poland's entry to the European Union has played a key role in boosting social enterprise development.



The emergence of social enterprises in Poland cannot be attributed simply to Poland's integration to the European Union in May 2004, although this factor is probably considered the most salient one, both in the literature and in public debate. Particular types of organisations that are nowadays regarded as social enterprises have, in fact, strong and complicated traditions. Cooperatives, foundations and associations appeared before the beginning of the 20th century. Since then, they have undergone very turbulent developments, wavering during the communist period, and experiencing significant changes after the year 1989.¹

This difficult history has strongly contributed to the socio-economic potential, developmental opportunities, trends, challenges and obstacles faced by present-day social enterprises. Therefore, a short investigation of social enterprises' roots and drivers before the beginning of the transition period seems to be justified.

1.1. Before 1989

Two types of organisations that were doomed to form future social enterprises existed before World War II (WWII). These were non-profit organisations (foundations and associations) and cooperatives. The main role of associations and foundations was to provide support to disadvantaged groups (the young, the poor, the people with disabilities, the unemployed) and to fulfil the unmet needs of these groups; they also engaged in informal pro-independence activities. Before WWII, Polish associations and foundations also engaged in a broader spectrum of activities, including cultural ones and local development, sports, arts, education, etc. However, these fields were less developed due to the difficult socio-political situation of the resurgent Polish welfare state.² Cooperatives also contributed strongly to socio-economic development (Leś 2004). They were established in many areas, including in particular mutual small credit organisations, agriculture, consumer and housing (Piechowski 2013).

After WWII, the situation of non-profit organisations and cooperatives dramatically changed. For more than forty years (1945-1989), they were highly influenced by the communist authorities. Just after WWII, associations and foundations played a key role in delivering welfare services. This was due to the fact that the newly created communist authorities focused on enhancing their political and economic position instead of carrying out activities that could fulfil public needs in fields such as education, childcare, poverty or social care. This short-term period of institutional pluralism, however, ended in the

(1) This paragraph is based on Ciepielewska-Kowalik *et al.* (2015, p. 8-11) with modifications and revisions made for this study.

(2) After 123 years of the partitions, Poland regained its independence in 1919.

late 1940s and early 1950s, when communist authorities implemented a number of instruments to marginalise, or even to destroy, all grassroots initiatives. All foundations and the majority of associations were dissolved by the communist authorities despite their well-grounded experience. The assets and properties of these foundations and associations were taken over by the state authorities, without payment of any compensation, and were incorporated into the state infrastructure. Newly created, mass or state-sponsored, social organisations were instead established; they could neither choose their governing officials, nor set their goals, nor undertake activities without the permission of public authorities. Associations became part of the national economy and played the role of marginalised quasi-public agencies within that system. In a similar fashion, this was also the fate of cooperatives. They were incorporated into the state economy in accordance with the idea of collectivisation. They became a part of the so called "socialised ownership", together with the public sector (Leś and Piekara 1988).

In the late 1970s, the common disappointment with socialism, which was the result of a complicated political situation and rising economic crisis, influenced the emergence of new civil society groups and organisations. Such organisations, like for instance the Workers' Defence Committee (*Komitet Obrony Robotników*), Movement for the Defence of Human and Civil Rights (*Ruch Obrony Praw Człowieka i Obywatela*) or others from the political opposition camp formed a so-called ethic or alternative society. According to Wnuk-Lipiński (2008), this was a highly effective instrument for social emancipation. An increasing revival of the activities of grassroots initiatives was also connected to the emergence of the Solidarity movement in the early 1980s. It was regarded in those days as a national social movement, which would one day overthrow socialism. At the beginning of the 1980s, many voluntary organisations that operated in the fields of human rights and social service delivery were established. Martial law, which was imposed in December 1981, did not stop the gradual revival of grassroots initiatives. However, the situation of associations became more complicated: many of them went underground or were delegalised. Fortunately, they tried to continue their activities. Moreover, their presence in the welfare service domain became even more important a few years later. Communist authorities were pinned down by a rising inefficiency of public institutions in the provision of general interest services along with a multidimensional economic crisis. This resulted in the emergence of the first harbinger of further gradual tolerance for grassroots organisations in the late 1980s. One of these was the introduction of the Act of Foundations in 1984 and the new law for associations introduced in April 1989.

1.2. After 1989

The year 1989 changed dramatically the conditions and perspectives for organisations that were to form present-day social enterprises in Poland. This change should be attributed to the democratisation, decentralisation and transformation of the welfare state. The latter two processes opened up new areas of unmet public needs, which emerging present-day social enterprises started fulfilling, while the first process guaranteed freedom for non-state initiatives' existence and operation. Each of these processes resulted in an increase in both the quality and quantity of organisations that can be regarded as social enterprises. However, one should bear in mind that the period after 1989 is not homogenous. Ciepielewska-Kowalik (2015) distinguishes three phases in the institutionalisation of social enterprises in Poland after 1989:

- > **The first phase in 1989-1995, characterised as the renaissance of non-profit organisations along with a crisis of cooperatives.** In this phase non-profit organisations started to bloom: the number of associations grew by 14 times and that of foundations increased by 20 times (Mansfeldova *et al.* 2004). In 1995, there were 47,000 registered non-profit organisations. This unexpected growth was a result of democratisation, decentralisation and external support provided to newly created associations and foundations by the Western European countries and the USA. In 1989-1995 Polish associations and foundations gradually changed their main focus from mainly advocacy activities toward service provision; however, the latter was underestimated and limited mainly to the fields which remained beyond the interest of the public sector and market enterprises. In 1989-1995 the position of cooperatives drastically weakened. They were totally discredited in the eyes of public opinion and received no recognition by the political elites. According to Leś (2004), cooperatives underwent a process of decline: indeed, between 1992 and 2004 the number of cooperatives decreased from 19,372 to 13,000. Just after 1989, the cooperative sector fell into a sharp multidimensional crisis, in which cooperatives' values were dismantled and the cooperatives themselves were left unprepared for new challenges that emerged during the transition toward a market economy.
- > **The second phase in 1996-2002, characterised by the stabilisation of non-profit organisations in terms of numbers, an ongoing crisis in the cooperative sector, and the first legal recognition of new forms aimed at the social and vocational rehabilitation of people with disabilities (such as professional activity establishments – ZAZs, occupational activity establishments – WTZs and supported employment enterprises – ZPChs).**
- > **The third phase, which started in 2003, should be recognised as a turning point in the gradual recognition of social enterprises following EU integration.**


The first pilot projects within the EQUAL Community Initiative aimed at supporting people at risk of social exclusion resulted in the introduction of the concept of social enterprises among policy makers, academics and non-profit organisations' representatives. Moreover, from 2003 onward, foundations and associations began to acquire a more entrepreneurial position, which was recognised by newly created legal frameworks (the 24 April 2003 Act on Public Benefit and Volunteer Work). At the same time, newly established legal frameworks encouraged the creation of totally new legal types, which constituted the social economy sector and social enterprises: social integration clubs and social integration centres (regulated by the Act of 13 June 2003 on Social Employment) and social cooperatives (regulated by the Act of 27 April 2006 on social cooperatives).

2

CONCEPT, LEGAL EVOLUTION AND FISCAL FRAMEWORK

In the second section, four types of social enterprises are distinguished according to the EU operational definition: 1) social cooperatives; 2) ENPOs (ENPOs); 3) professional activity establishments (*zakład aktywności zawodowej* – ZAZs); and 4) non-profit companies.

Polish social enterprises are regulated by specific legal frameworks for each type; no commonly shared legal social enterprise definition has yet been agreed upon. However, some steps toward the legal recognition of social enterprises have been made in the National Programme for Social Economy Development (KPRES). It recognises social enterprises as various legal types demonstrating particular features. The legal recognition of social enterprises is also declared by the draft Act on Social Enterprises and Supporting Social Economy.



2.1. Defining social enterprise borders

2.1.1. The EU operational definition of social enterprise

This report draws on the organisational definition included in the Social Business Initiative (SBI) of 2011. According to the SBI, a social enterprise is an undertaking:

- > whose primary objective is to achieve social impact rather than generating profit for owners and shareholders;
- > which uses its surpluses mainly to achieve these social goals;
- > which is managed in an accountable, transparent and innovative way, in particular by involving workers, customers and stakeholders affected by its business activity.

This definition arranges social enterprise key features along three dimensions:

- > an entrepreneurial dimension,
- > a social dimension,
- > a dimension relative to governance structure.

Provided that the pursuit of explicit social aims is prioritised through economic activities, these three dimensions can combine in different ways; it is their balanced combination that matters most when identifying the boundaries of social enterprise.

Building upon this definition, the Commission identified a set of operational criteria during the previous stages of the Mapping Study (European Commission 2015, 2016) and refined them again for the purpose of the current phase of the study (see appendix 1 for further details).

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

Neither legal definition nor academic agreement on which organisations can be called social enterprises has yet been achieved in Poland. However, having analysed various types of organisations meeting the EU operational definition criteria, it can be concluded that four types of social enterprises can be distinguished. These are:

- > social cooperatives;
- > entrepreneurial non-profit organisations (ENPOs);
- > professional activity establishments (ZAZs); and
- > non-profit companies.

Each type of social enterprise will be discussed below with reference to the dimensions in the EU operational definition, i.e. social dimension (social aim), entrepreneurial/economic dimension and inclusive governance (ownership dimension).

(i) Social cooperatives

Social cooperatives form a new wave of cooperatives that received legal recognition in 2006. They are a distinct and vibrant part of the cooperative movement, which—as a whole—has been losing its social and economic significance since the beginning of the transition period. This is a result of the communist legacy that discredited the cooperative movement and the adoption of neo-liberal ideology, which, after 1989, favoured market institutions. As a result, cooperatives gave up their engagement in social activities and weakened their inclusive governance practices. The decline of traditional cooperatives has been however accompanied by the rise of new form of cooperatives—social cooperatives. Social cooperatives, unlike their traditional counterparts, are *par excellence* social enterprises and meet all EU operational criteria for this type of organisation.

Social dimension (social aim)

Social cooperatives by their very nature pursue social aims. According to the Act on Social Cooperatives, they provide social and professional reintegration services not only for their members, but—since 2018—also for workers who are not members. Besides, social cooperatives provide cultural and educational activities for their members, workers and local communities.

Entrepreneurial/economic dimension

According to the Polish law, social cooperatives are considered to be private enterprises recorded in the National Court Register (KRS). They act as autonomous organisations independent from public institutions or market enterprises. Social cooperatives can be established by at least three natural persons, and by at least two legal persons, i.e. units of local governments operating at all administration levels, faith-based charities and non-profit organisations. Once three natural persons establish and register a social cooperative, at least other two persons belonging to groups threatened by social exclusion must be accepted as members within 12 months from the registration. In case of social cooperatives established by legal persons, founders are members of a social cooperative; however, they have no direct control over it. Nevertheless, giving the right to establish a social cooperative to the unit of local government or non-profit organisation resulted in concern over the real autonomy of this social cooperative. The question is therefore whether a social cooperative established by a legal person is or is not autonomous, and what is the real degree of such autonomy. This question seems to be justified when considering that over recent years the number of members of social

cooperatives that belongs to legal persons increased, while those belonging to natural persons decreased.

The overall number of jobs created by social cooperatives was estimated at 4,200 as of December 2016. The vast majority of those employed in social cooperatives (82 %) come from disadvantaged groups, such as the unemployed (the most numerous), people with disabilities (PWDs), people with substance use disorders, ex-convicts, people with mental disorders and the homeless.

Social cooperatives, as with any other private enterprises, can go into bankruptcy. The bankruptcy process is similar to other private enterprises. It is also common for social enterprises to suspend their activities after settling their financial obligations. In those cases, they are still registered in the KRS but they do not perform any kind of activities.

Social cooperatives as an innovative form of enterprise are engaged in various branches of production and services. They are active mainly in accommodation and catering, administrative and support services, human health and social work and industrial processing activities. In 2017, 63.9% of social cooperatives were involved in the abovementioned fields (GUS 2018).

Social cooperatives seem to use cleverly generated income from trading (both with individuals and public institutions) and public grants. Social cooperatives are of great interest to public authorities. Therefore, they are allowed to use public funds, mostly coming from European projects. They are, however, also quite efficient in generating income from market sources, i.e. selling products and services. As a result, the average share of public grants in the overall income of social cooperatives did not exceed 40% in 2014 (Izdebski *et al.* 2015) and it is expected to be at the same level at the time of writing.

Inclusive governance (ownership dimension)

According to the 2006 Act on Social Cooperatives, marginalised persons—depending on the situation—should make up at least 30% or 50% of all social cooperatives' members at the time of their establishment.³ Legal persons (non-profit organisations and units of local governments) can also be members of social cooperatives.

The main governance body of a social cooperative is the general assembly of its members. It chooses the board of directors, which is responsible for the everyday activities of the cooperative, adopts annual reports and takes decisions crucial for

(3) In the case of 30% of marginalised persons, members of a cooperative must either represent people with significant or moderate level of disability with, or a cooperative must provide services of a specific purpose, such as social assistance, professional and social rehabilitation, childhood care for 0-3-year-olds, private preschools, and supporting families and custody.

the cooperative's development. Social cooperatives with more than 15 members are obliged to have a supervisory board.

The law forbids both the distribution of profits among social cooperative members and the use of profits to increase the equity fund. The profit gained should be divided between the fund dedicated to sustaining the cooperative's activities (*fundusz zasobowy*), reintegration activities for cooperative members and members of a local community, and an investment fund (*fundusz inwestycyjny*).

Illustration 1. "Jedyneczka" social cooperative

Social cooperative

"Jedyneczka" Social Cooperative was established in Suwałki (in the North Eastern part of Poland) in August 2013 by five women from disadvantaged groups (the unemployed and long-term unemployed in the post-working age of over 60 years old and the disabled). All of them have pedagogical backgrounds. As of December 2015, Jedyneczka had six members and hired two other workers.

The establishment of Jedyneczka should be regarded as a response to unmet social needs in yearly childhood education and care (children in the age group of 0 to 3). Only one public nursery run by the municipality and several private nurseries run by market enterprises operate in Suwałki. Nevertheless, they neither provide nursery places for all concerned children, nor do they offer services tailored to the needs of parents in terms of working hours and fees. As a result, Jedyneczka plays a complementary and substitutive role for public and market providers of yearly childhood education and care services.

"Jedyneczka" social cooperative runs a non-public nursery for 25 children aged 20 weeks to 3 years. Since the beginning of 2015, the social cooperative has hired two "day carers" on the basis of the Act of 4 February 2011 on care of children aged under 3 years old (*Ustawa o opiece nad dziećmi w wieku do lat 3*). Day carers provide flexible and tailored services for those parents who need to have their children taken care of for only a few hours per day. It should be noted that "day carers" have been introduced to the local education law in Suwałki as a result of lobbying activities undertaken by Jedyneczka. So far, only Jedyneczka has been entitled in Suwałki to use this type of carer.

"Jedyneczka" social cooperative is planning to extend its services by establishing a non-public, pre-primary service for children aged 3 to 5 years in 2017.

Jedyneczka contributes to delivering new products, which should be linked to the use of new pedagogical methods of working with nursery children such as the Doman Method.

The main source of income for Jedyneczka consists of parents' fees. They are followed by public funds (donation) provided by the local government. Other income comes from support structures (OWES) and has a marginal share in the overall budget of the described social cooperative. Jedyneczka, as a social cooperative, is entitled to benefit from all tax benefits and reductions applied to this legal type; it also benefits from reductions of social security contributions applied to the labour costs of disadvantaged workers.

(ii) Entrepreneurial non-profit organisations (ENPOs)

Social enterprises of this type have emerged from the shift of foundations and associations⁴ toward a more entrepreneurial and more market-oriented stance. ENPOs are characterised by the following features:

- > direct involvement in the provision of welfare and public services on a continuous basis, instead of focussing mainly on advocacy activities;
- > employment of paid staff or at least engagement of a balanced combination of paid staff and volunteers, instead of relying only on volunteers;
- > diversification of sources of income by combining public grants and income from trading activities. The latter encompasses selling products and services to both public authorities and individuals. As a result, ENPOs are expected to undertake and carry out economic activities aimed at generating market income. In light of Polish regulations, ENPOs meet this requirement by generating income from the following sources:
 - unrelated business activity;
 - paid mission-related activity;⁵
 - public procurement;
 - dividends and interests;

(4) This study integrates the methodology of the Central Statistical Office of Poland when providing data on ENPOs. ENPOs are particular to the non-profit sector. Non-profit organisations are understood as follows in Poland: associations, foundations and faith-based organisations (investigated by CfSO on SOF-1 form) and professional and business associations and employers' organisations (investigated by CSO on SOF-4 form). However, faith-based organisations, as well as employers' organisations, exist in the types of associations and foundations. Therefore, in this study the authors decided to use only the term foundations and associations when investigating ENPOs.

(5) The difference between unrelated business activity and paid mission-related activities is discussed in detail in section 2.2.2.

- > market income from the above-mentioned sources should comprise at least 25% of the total income of the entities.

Social dimension (social aim)

In Poland, all ENPOs are created by citizens to carry out general-interest activities. The social dimension of their activities is regulated by acts provided for particular legal forms, i.e., non-profit organisations are obligated to determine the specific aims pursued in their statutes.

Moreover, Polish ENPOs are allowed to perform public benefit work⁶ on the basis of the 24 April 2003 Act on Public Benefit and Volunteer Work. As non-profit organisations, ENPOs may qualify for the status of public benefit organisation if they have a track record of undertaking public benefit activities for at least two years.

Polish ENPOs are active in a very wide range of fields, which are specified in section 3.2.

Entrepreneurial/economic dimension

ENPOs are fully autonomous legal entities established by citizens and act independently from public authorities and market enterprises. ENPOs must register in the National Court Register (*Krajowy Rejestr Sądowy* – KRS).

Although there are no exact limits on the legal form's ability to trade, Polish ENPOs are allowed to conduct activities only in order to pursue their statutory aims. Consequently, they should always serve the statutory aims and any economic activity should only be aimed at raising funds for the pursuit of their statutory aims. What is important is the fact that associations and foundations are obliged to clearly separate the fields of their business activity from those related to statutory activities.

ENPOs are allowed to hire paid staff on the same basis as public authorities and market enterprises.

(6) According to the Act of 24 April 2003 on Public Benefit and Volunteer Work, public benefit work (general interest) shall mean work performed to the public benefit of society by non-profit organisations, unions of local self-governments units, social cooperatives, faith-based organisations, joint stock companies/limited liability companies and sports and clubs operating as companies in the area of public tasks. This area is very wide and it shall comprise the tasks performed in thirty three fields, including for instance social assistance, professional and social integration and reintegration of persons threatened by social exclusion, preserving national traditions, work to support the disabled/ the development of local communities/the elderly/families, ecology, education, sports, promoting human and civil rights/ consumer rights/volunteering, aid extended to Polish community abroad, public order and security, national defence.

Inclusive governance-ownership dimension

The only mandatory body in a foundation is the board of directors. However, the creation of other bodies, such as the assembly of the founders of the foundation, depends on the will of the founders and must be specified in the adopted statute. Board members are in charge of the management of the activities and they represent it externally. All decisions not reserved by law to another body belong to the board of directors.

The governance structure of the association is composed of the general assembly, which is the highest authority of the association, the audit committee and the board of directors. The board of directors represents the association externally and it is engaged in its ongoing economic activities. The audit committee is an internal control body over the activities of the association. Both bodies are elected by the general assembly.

ENPOs have an asset lock.

Illustration 2. Association for Development, Community Psychiatry and Care

Entrepreneurial non-profit organisation

The Association for Development, Community Psychiatry and Care was established in Cracow in 1999 by professionals engaged in the field of community psychiatry, psychotherapy and the rehabilitation of mentally ill people. Its main aim is to promote and develop methods and instruments for the activation of the mentally ill in their communities. This shall be obtained by providing various services, such as (SnRPiOŚ 2016):

- > running facilities for mentally ill persons, including:
 - professional therapy workshop for 75 persons;
 - community self-help centre (*środowiskowy dom samopomocy*) for 25 persons, rehabilitation centre for 20 persons aged 45 and above.
- > editing the journal "For Us" which is managed by mentally ill persons;
- > providing educational services for promoting social and professional activation of the mentally ill, as well as methods of treatment for these people;
- > promoting volunteerism: 35 volunteers were engaged in the activities in 2015;
- > hiring paid staff recruited from beneficiaries; as of 2015, the Association hired four mentally ill persons;
- > running sheltered housing for mentally ill persons.

The Association for Development, Community Psychiatry and Care is famous for running "U Pana Cogito" Boarding House and Restaurant. This three-star boarding house is located in the quiet, old city district (Debniki), within walking distance of the main attractions of Cracow. The Boarding House and Restaurant hires mentally ill persons, mainly those who had previously participated in professional therapy workshops run by the Association.⁷ As of 2015, 21 disabled persons were hired (14 FTEs), who worked as receptionists, waiters, gardeners and chambermaids. The Boarding House and Restaurant are run by the Association for Development, Community Psychiatry and Care in collaboration with the Association of Families "Physical Health" (SnrRPiOŚ 2016). The Boarding House and Restaurant were established in 2003, and since then they have been regarded as a social enterprise *per se* operating in the form of ZAZ.

In 2005, the Association for Development, Community Psychiatry and Care established a limited liability company, "Cogito Laboratory", whose aim is to hire mentally ill persons, and to undertake activities for the development of other social enterprises which would hire the mentally ill and those recovering after a serious mental crisis. The "Cogito Laboratory" also organises conferences and training in the field of community psychiatry and care. This limited liability company, which is itself an autonomous social enterprise operating in the type of a non-profit company, provides various services such as for instance, bicycle rental and catering.

The Association for Development, Community Psychiatry and Care carries out economic activities in the type of unrelated business activity and paid mission-related activity. The income from economic activities is not very large (it comprised 7.4% in the overall budget of the organisation in 2015). However, it has been rising over the years. The main source of income is public money mostly from the State Fund for Rehabilitation of Disabled Persons, which comprised more than 77% of the overall budget of the Association in 2015.⁸

In 2015, the Association hired 50 paid workers (31.7 FTEs) working on the permanent employment contracts and 34 persons working on civil law contracts; it had 52 members and had a status of public benefit organisation.

The Association for Development, Community Psychiatry and Care was one of the finalists in the Social Enterprise of the Year Contest in 2015, and it obtained the right to use the "eS" sign for high quality products and services provided by Polish social enterprises.

(7) <http://www.pcogito.pl/>

(8) Data counted on the basis of *Stowarzyszenie na rzecz rozwoju psychiatrii i opieki środowiskowej* 2016.

(iii) Professional activity establishments (*zakłady aktywności zawodowej – ZAZs*)

Originally professional activity establishments (ZAZs) were considered to be a part of a larger group of organisations which consisted also of occupational therapy workshops (*warsztaty terapii zajęciowej – WTZs*), social integration clubs (*kluby integracji społecznej – KISs*) and social integration centres (*centra integracji społecznej – CISs*) (Ciepielewska-Kowalik *et al.* 2015). WTZs and ZAZs emerged in the mid-1990s to tackle the social and economic exclusion of people with disabilities (PWDs). However, only after the Polish entry to the EU they were recognised as potential social enterprises. KISs and CISs, on the other hand, were created for people who experience problems with (re)integration into the labour market. These organisations are closely associated with an active social policy embraced by the Polish government just before Polish entry to the EU and enhanced after it.

Having analysed the EU operational definition, it can be stated that only ZAZs comply with it.

Social dimension

ZAZs have an explicit social aim, which is the (re)integration of people with various mental and physical disabilities into the labour market. This aim is articulated in the Act of 27 August 1997 on Vocational and Social Rehabilitation and Employment of Persons with disabilities.

Entrepreneurial/economic dimension

ZAZs have no separate legal status. They are incorporated and can be set up by other institutions, such as non-profit organisations, local authorities and social cooperatives. ZAZs address people with disabilities who struggle to find a job. However, they do not have significant influence on actions taken by ZAZs. They also do not share the economic risk of running ZAZs. ZAZs are financially strongly supported by public institutions and they are supervised in their activities by these institutions.

Available data does not make it possible to estimate to what extent the economic activities of ZAZs are innovative, particularly to what extent ZAZs contribute to delivering new products and services that are not delivered by any other provider. The fact is that services provided by ZAZs are very specific and address very narrow groups of beneficiaries. Therefore, their real social, professional and employment impact is difficult to evaluate.

Inclusive governance-ownership dimension

ZAZs are dependent upon their parent organisations. Therefore, their governance is determined by the latter. No common governance model has been investigated in the case of ZAZs.

Illustration 3. Professional activity establishment (ZAZ) managed by the Foundation "Home for Family Rehabilitation for Children with Cerebral Palsy"

ZAZ

The professional activity establishment (ZAZ) is a separate organisational part of the Foundation "Home for Family Rehabilitation for Children with Cerebral Palsy" (Fundacja "Dom Rodzinnej Rehabilitacji Dzieci z Porażeniem Mózgowym") from Opole. This ZAZ was established in April 2014. Its main aim is the vocational reintegration of people with severe and moderate disabilities who suffer from autism, mental retardation or mental illness.⁹ The ZAZ employs over 50 people with disabilities at six workshops.

- > Printing workshop, which employs 11 people. They design graphics and offer diverse printing services. The workshop is professionally equipped and all the personnel are trained in using professional software, as well in design composition and in handling printing equipment.
- > Sartorial workshop, which employs seven people. They are trained to become professional needlewomen. Several products are manufactured at the workshop: promotional bags, sports jackets, protective clothing, pillows and other products manufactured according to a specific order.
- > Arts and crafts workshop, which employs 10 people with disabilities and two instructors. The aim of the workshop is to manufacture unique products and gifts such as, for instance, greetings cards, jewellery, items made of paper wicker and graphic works.
- > Gardening workshop, which employs 10 people with disabilities and two instructors. They design, cultivate and set up gardens. The workshop offers its services to companies as well to private persons.
- > Screen printing workshop, which employs six persons. They print graphics on paper,

(9) <http://zaz.opole.pl/index.php?n=Pracownie#Cele-i-zadania> (Accessed: 8 July 2016).

carton, cardboard, fabrics, metals and plastics. The workshop produces mainly T-shirts, bags, caps and boiler suits with diverse overprints.

- > Ceramic workshop, which employs six people with disabilities and an instructor. The workshop manufactures cake stands, bowls, pots, vases and other products made of ceramic according to a particular order.

ZAZ generates its income mostly from economic activities. In 2015, the income from paid mission-related activities accounted for 410,420.60 PLN.¹⁰ Aside from its economic activities, ZAZ organises several types of activities for its disabled employees. These activities are strictly linked to events organised by the ZAZ's parent foundation. The foundation, which was established in 1991, has been able to create several initiatives addressing people with disabilities during its existence. Nowadays the foundation manages a non-public healthcare facility (established in 1998), a community self-help home (established in 2004), a sheltered workshop (established in 1993) and ZAZ. The foundation employs 157 people, including those working at ZAZ. The foundation had a profit of 5,666,735.67 PLN in 2014 and 6,126,375.87 PLN in 2015 and it had overall losses of 568,311.10 PLN in 2014 and 334,666.33 PLN in 2015.

The case of ZAZ led by the Foundation "Home for Family Rehabilitation for Children with Cerebral Palsy" shows that a social enterprise which is oriented toward a specific disadvantaged group, functions well in an environment that consists of several endeavours addressing the same disadvantaged group. People who work at ZAZ could profit not only from the benefits of ZAZ activities, but they could also take advantage of other initiatives taken by the foundation. This case also shows that the establishment of a social enterprise could be one of many steps taken by an organisation which has as its aim the social integration of disadvantaged people.¹¹ Social enterprise could be an important element of an institutional environment focussed on achieving a public benefit purpose.

(iv) Non-profit companies

Social dimension

According to the Act Code of Commercial Companies of 2000, the particular social aim pursued by non-profit companies must be written in a partnership agreement entered into by every non-profit company. According to the database provided by the

(10) <http://www.fundacja-dom.opole.pl/sprawozdanie-z-dzialalnosci/category/13-sprawozdanie-z-dzialalnosci-fundacji-dom-rodzinnej-rehabilitacji-dzieci-z-porazeniem-mozgowym-w-opolu-za-okres-od-01-stycznia-2015r-do-31-grudnia-2015r?download=31:informacje-uzupelniajace-do-bilansu> (Accessed: 8 July 2016).

(11) <http://opole.gosc.pl/doc/3198280.Dom-niezwykly/2> (accessed: 8 July 2016).

Social and Economic Investment Company TISE SA (*Towarzystwo Inwestycji Społeczno-Ekonomicznych SA* – TISE SA) the social aims pursued by non-profit companies are much diversified. This diversity indicates that non-profit companies have a significant development potential. Non-profit companies have so far been prevented from harnessing this potential, because they do not enjoy the same income tax privileges granted to associations and foundations.

Non-profit companies have access to some particular benefits that are regulated by the 24 April 2003 Act on Public Benefit and Volunteer Work. According to Article 3, provided that the profit of non-profit companies is used for social aims and it is not divided between equity partners, stakeholders or employees, their activities can be recognised as general interest activities. If this is the case, non-profit companies are eligible to apply for public funding. Non-profit companies are also allowed to apply for the status of public benefit organisation and thus benefit from the privileges granted to this type of organisation.¹²

Entrepreneurial/economic dimension

Non-profit companies are regulated by Act of 2 July 2004 on Freedom of Economic Activity. Therefore, their activities and their structure are similar to conventional enterprises. Their distinguishing feature is that they exist not to seek profit but to fulfil social aims. Polish law does not explicitly recognise non-profit companies. It basically creates the possibility to set up a non-profit company to achieve any licit aim, including the conducting of activities of general interest.

There were 127 non-profit companies in the list of social enterprises provided by the Ministry of Family, Labour and Social Affairs as of 31 July 2019. Comparing to data from 2016 (when only 27 non-profit companies existed), one can observe a significant increase in the number of such entities.¹³ However, this database does not allow for further investigation into non-profit companies, since data are fragmentary and not comprehensive.

There is one particular reason why there are so few non-profit companies in Poland. They enjoy no income tax privileges. Although they use their income to fulfil social aims, their income is taxed in the same way as conventional companies (Barański 2011). For that reason, rather than setting up a non-profit company to achieve social aims, it is usually more reasonable to set up an association or a foundation, which enjoy tax privileges.

(12) Public benefit organisations that should be treated as general interest organisations, are described in details in section 2.3.2.

(13) <https://tise.pl/powstala-baza-spolek-non-profit/>.

Non-profit companies are fully autonomous. There is no legal regulation on how such a company should act. The key document for a non-profit company is the partnership agreement. It regulates the issue of ownership, voting rights and defines the social aim of a company. According to the TISE SA database, non-profit companies are active in the fields of education, professional training, integration of people with disabilities and food services.

The legal regulations on non-profit companies are the same as regulations on any other companies. To set up a non-profit limited company, equity partners have to collect at least 5,000 PLN (approximately 1,140 EUR) (Article 154 of 15 September 2000 Code of Commercial Companies).

Inclusive governance

The most important governance bodies of non-profit companies are the partnership meeting and the board. The voting power of partners depends on their shares. It is up to a specific non-profit company to involve different kind of stakeholders in its everyday activities. The law does not impose limits to the involvement of social partners in the activities of non-profit companies.

The structure of the company consists of a stakeholder meeting and a board of directors. It is also possible for a company to have a board of trustees and an audit committee.

Table 1. The application of the operational definition to the various types of social enterprises in Poland

Dimension	Criterion	Social cooperatives	ENPOs ⁽¹⁾	ZAZs	Non-profit companies
Entrepreneurial/ economic dimension	Engagement in economic activity	Yes	Yes, in two possible forms such as unrelated business activity and paid-mission related activity	Yes	Yes
	Autonomy	Yes, registered in the National Court Register	Yes, registered in the National Court Register	No, they have no separate legal status but are set up and incorporated by other legal types (local authorities, non-profit organisations and social cooperatives)	Yes
	Use of paid workers	Yes, they employed 4,200 workers in 2017	Yes, they employed 114,800 workers on the basis on permanent contract and 303,700 on the basis of civil law contracts in 2016	Yes, they employed 6,000 workers in 2017	Yes, number of employees not available
	Share of income derived from trading, public grants and other sources	The average share of public grants in the overall income of social cooperatives did not exceed 40% in 2014	Market income comprised 70.9 % of their total budget, while the share of non-market income, including public grants, in the overall budget did not exceed 27% (as of 2014)	Mostly public grants from PFRON, which provided ZAZ with 53.6% of their income (as of 2014)	N.A.
Social dimension (social aim)	Pursuing explicit social aim	Yes, in the two equally important forms: the employment of persons having difficulties in the labour market and the provision of educational and cultural activities of members and local communities	Yes, created by citizens to provide general-interest services	Yes, linked to (re)integration and (re)habilitation of people with various mental and physical disabilities into the labour market	Yes, specified by a partnership agreement
	Fields of activity	Many different branches, from which the most popular are manufacturing, construction, accommodation and catering, administrative and support services, human health and social work	Many fields, from which the most popular are the following: sports, tourism, recreation and hobbies; education, childcare and R&D activities; culture and arts; social and rescue services	Work integration as the key field; however, ZAZ carry out economic activities in many fields, including gastronomic services, landscape services, printing and services related to manufacturing and preserving clothes	N.A.

38 | Concept, legal evolution and fiscal framework

Dimension	Criterion	Social cooperatives	ENPOs ⁽¹⁾	ZAZs	Non-profit companies
Inclusive governance	Limited distribution of profits	Yes	Yes	Yes	Defined in a partnership agreement
	Existence of asset lock	Yes	Yes	Yes	Can be defined in a partnership agreement
	Representation of various stakeholders	Representation of members; rather not other stakeholders	Often yes, but can only be assessed on a case-by case basis; rather poor in the case of foundations	Not a requirement	Defined in a partnership agreement
Total estimated number 29,535 (as of 2019)	-	1,600 (as of 2017)	27,600 (as of 2016)	109 (as of 2017)	226 (as of 2019)

2.1.3. Summary: What kind of "constellation"?

If Polish social enterprises are regarded as a kind of "constellation", they would consist of the following types of organisations that meet the criteria of the EU operational definition:

- > social cooperatives
- > entrepreneurial non-profit organisations (ENPOs)
- > professional activity establishments (ZAZs)
- > non-profit companies

Undoubtedly, social cooperatives are social enterprises par excellence. They meet all EU operational definition criteria. They are fully autonomous organisations that must register in a particular register; they act independently from public authorities and market enterprises; they carry out economic activities along with pursuing explicit social aims; they also engage stakeholders in their activities. However, the low number of social cooperatives currently registered is ascribed to the difficulty of both establishing and operating such entities.

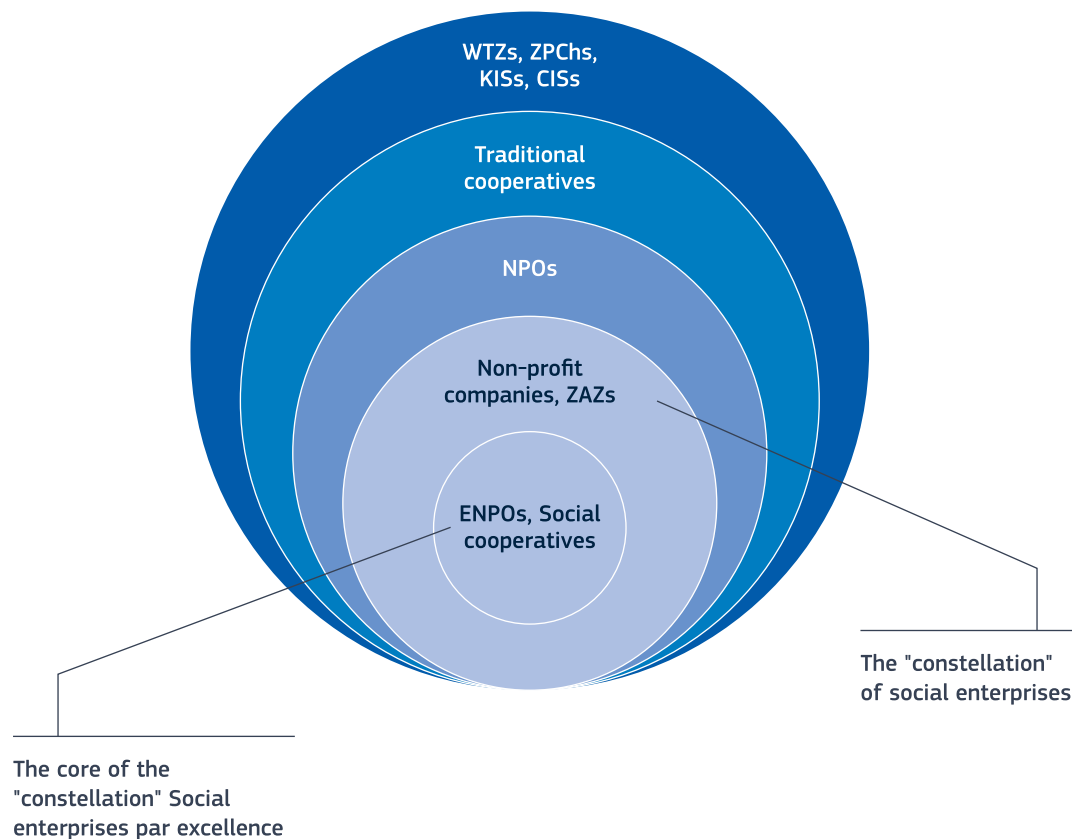
Additional organisations composing the core of the social enterprises' "constellation" are entrepreneurial non-profit organisations (ENPOs). They have a clear social mission; they are autonomous and must be registered in particular registers. ENPOs generate their incomes from trading and are limited in the distribution of profits. The majority of ENPOs also declare to have paid staff. Their most disputable feature is that the ENPOs, in particular when operating as foundations, do not engage a wide range of stakeholders in the decision-making processes. They, in the first place, rely on decisions made by their boards of directors.

Two other types of organisations are located at the core of the Polish social enterprises' "constellation", although a little further from its very centre. These are professional activity establishments (ZAZs) and non-profit companies. They fulfil most of the EU operational definition criteria, including the pursuit of explicit social aims, the hiring of paid staff, the generation of income from trading, the contribution to the delivery of new products and services that are distinguished by a social nature.

Nevertheless, since ZAZs are, by definition, established by other entities, they are not autonomous. Moreover, stakeholders other than founders, share the economic risk, nor do they have any influence on decisions made in ZAZs.

Other types of organisations such as traditional cooperatives,¹⁴ social integration centres (CISs) and social integration clubs (KISs), as well as other rehabilitation facilities (occupational therapy workshops – WTZs and supported employment enterprises – ZPChs), and non-profit organisations that have no income from trading, are located much further from the core of the "constellation".

Figure 1. The "constellation" of Polish social enterprises



Source: own elaboration.

(14) There are some cooperative initiatives with a community orientation. Generally speaking, however cooperatives other than social ones do not meet the great majority of the EU operational definition. Moreover, they do not regard themselves as social enterprises.

2.2 Legal evolution

2.2.1. Legal frameworks specific for social enterprises

Besides specific regulations regarding the abovementioned legal types, a legal definition of social enterprise has not yet been agreed upon in Poland. A first attempt to construct such a definition was made by the National Programme for Social Economy Development (KPRES), which shaped policy schemes for social enterprises in Poland between 2014 and 2018.

KPRES 2014-2018 conceived social enterprises as permanent entities and it envisaged the adoption of the Act on Social Enterprise and Support for Social Economy Entities, which was expected to introduce the social enterprise status for organisations fulfilling specific criteria, regardless of their legal form. However, the process for the adoption of the Act on Social Enterprise and Support for Social Economy Entities has not been accomplished.

In February 2019, KPRES (*Krajowy Program Rozwoju Ekonomii Społecznej*) was extended by the Polish Parliament for the the next four years, with some novelties in comparison with its pervious version. According to KPRES 2019-2023, social enterprises are conceived as entities which conduct market activities, including both economic activity (unrelated business activity) and paid mission-related activity aimed at the reintegration of persons threatened by social exclusion; which must be at least 30% of the workforce. Moreover, organisations eligible to obtain the social enterprise status shall have a democratic governance, a profit distribution constraint and shall envisage a salary cap (more details are provided below).

KPRES 2019-2023 foresees a wide range of benefits for entities with a social enterprise status, including: donations for organizing worksites for employees, exemptions from paying social security within 12 months from the registration (which is currently applicable only to social cooperatives), and access to specific training funds for employees. Moreover, the KPRES 2019-2023 introduces different financial instruments for social economy organisations and social enterprises. Such instruments are expected to be provided by the National Social Economy Fund (*Krajowy Fundusz Przedsiębiorczości Społecznej* – KFPS). The KFPS will be located within the structure of the National Economy Bank (Bank Gospodarstwa Krajowego – BGK), while financial support will be provided by the European Structural Fund (ESF fund in particular), other public sources and private donations. Financial instruments for social enterprises are defined as repayable resources, including in particular: loans for the start up (for 5 years) for entities operating from no more than 12 months, loans for the development (for 7 years) for those who operate from more than 12 months, and financial guarantees.

According to the KPRES 2019-2023, 35,000 high-quality new jobs will be created for persons threatened by social exclusion.

Currently, KPRES 2019-2023 is the most significant source regulating social enterprises in Poland and—similarly to the version 2014-2018—it envisages the introduction of a social enterprise status. However, there is expectation that a draft Act on Social and Solidarity Economy, which would regulate all detailed issues linked to social enterprise, will be adopted in the nearest future. This new draft, which includes fundamental regulations for social enterprises, was launched by the Ministry of Family, Labour and Social Policy (Ministerstwo Rodziny, Pracy i Polityki Społecznej – MRPiPS) in 2017, and then submitted to public consultations. According to the draft Act on Social and Solidarity Economy, a social enterprise is an entity that—regardless of its legal type—performs economic activities, including paid statutory activity and/or market activity. To be eligible to obtain the social enterprise status, an entity will have to satisfy the requirements outlined below:

- > It must provide services of social and professional integration of groups threatened by social exclusion, or public services, or public tasks in the field of local development, as its basic fields of activity;
- > It must comply with a profit distribution constraint, and reinvest at least 30% of its profit in social and professional (re)integration (if operated in the field of integration of disadvantaged groups), or public benefit activity (if operated in the fields of providing public tasks and/or local development);
- > It must have a democratic governance (1 member = 1 vote);
- > The share of public property cannot exceed 50%;
- > It must employ at least three employees based on the work employment contract or cooperative contract;
- > It must provide a salary cap for employees;
- > If operating in the field of social and professional reintegration, it must employ at least 50% of workers threatened by social exclusion or at least 30% of people with significant or moderate disabilities;
- > If operating in the field of public tasks and local development, it must employ at least 30% of the workforce from disadvantaged groups;
- > The process of social and professional reintegration should take place in a period comprised between 12 and 36 months.

Therefore, according to the draft Act on Social and Solidarity Economy, social enterprises shall operate in the field of social and professional reintegration of people threatened by social exclusion and simultaneously it shall provide general interest services.

According to the draft Act, the social enterprise status is awarded by the province governor. After obtaining the status, social enterprises are included in the registry administrated by the Ministry of Family, Labour and Social Policy (MRPiPS 2017).

The draft Act envisages specific benefits for registered social enterprises, including subsidies for employees from the disadvantaged groups and tax exemptions. Moreover, the draft Act introduces the Social Enterprise Fund to be enhanced and supported by public funds after the financial period 2014-2020. In addition, public procurement rules that are currently applied only to social cooperatives will be extended to all legal types in possession of the social enterprise status.¹⁵

It is worth to mention that the draft Act on Social and Solidarity Economy—if approved—would support the further institutionalisation of ENPOs as social enterprises thanks to the possibility to carry out market activity of both types, i.e., unrelated business activity and paid statutory activity. Nevertheless, having in mind what happened with the previous draft act regulating social enterprise (the draft Act on Social Enterprise mentioned in the KPRES 2014-2018) one may expect that—similarly to its predecessor—the draft Act on Social and Solidarity Economy will struggle to be implemented.¹⁶

Over the period 2014-2020, due to the lack of a formally acknowledged definition, Polish social enterprises have been defined according to the Document Regulating Activities in the Field of Social Inclusion with the support of European funds, i.e., the European Social Fund and the European Regional Development Fund (*Wytyczne w zakresie realizacji przedsięwzięć w obszarze włączenia społecznego i zwalczania ubóstwa z wykorzystaniem środków Europejskiego Funduszu Społecznego i Europejskiego Funduszu Regionalnego na lata 2014-2020*) (MRiF 2018). Since detailed implementations are specified at the regional level, by each of the 16 regions (voivodships), the Guidelines can be seen as a kind of legislative crutch, but not as a real regulation for social enterprises. Beyond regional differences, the Guidelines are consistent with the general understanding of social enterprises in Poland: i.e., a social enterprise should carry out economic activity and focus on (re)integration activity (at least 30% of workers should be hired among the unemployed or other specified groups threatened by social exclusion); it should provide public services; the distribution of profits should be limited; and the enterprise should be governed in a democratic way.

The social enterprise status has not yet been formally or legally recognised, but it has been introduced in practice. Indeed, in 2018, Social Economy Support Centres (*Ośrodki Wsparcia Ekonomii Społecznej*, or OWESs) were authorised by the Ministry of Family,

(15) According to 2006 Act on Social cooperatives (Article 15a), public sector and local authorities can limit contractors to social cooperatives, when giving public procurements lower than 30,000 EUR.

(16) Based on in-depth interview with the President of the Association of Social Cooperatives (one of the largest organisations providing different types of services and support for social cooperatives and social economy organisations), conducted by the author of this study April 2, 2019.

Labour and Social Policy to grant the social enterprise status to organisations operating under various legal types that meet particular criteria. So far, however, this status simply remains a kind of "prestige reward" rather than a real certification that an organisation is a social enterprise. As of July 31, 2019, according to the list published by the Ministry of Family, Labour and Social Affairs, 1,102 organisations operating under different legal forms had been granted the social enterprise status. Most of them were social cooperatives and ENPOs, but there were also some non-profit limited companies and a few faith-based legal entities and associations' alliances.

Illustration 4. Association for Development of Bałtów Commune "Bałt"

Entrepreneurial non-profit organisation

The Association for Development of Bałtów Commune "Bałt"¹⁷ was established in January 2001 in Ostrowiec Świętokrzyski by 120 members of the local community. Its history is linked to the attempts aimed at rebuilding the potential of the commune Bałtów, which were undertaken by local community members after the closure of the Ostrowiec Steelworks. This resulted in mass unemployment (the unemployment rate exceeded 30% in 2001) and increased the migration of young Baltovians to larger cities or even abroad. The association was a response to this dramatic situation.

The main aim of the association is to run Baltavian Jurassic Park (opened in 2004), which provides an educational path and shows the evidence of the history of nature, mostly linked to dinosaurs' imprints. The main attraction of the Park is 50 full scale replicas of dinosaurs. The association has been involved in an ongoing extension of its offer. As a result, the Park, with its attractions, encompasses more than 60 ha, and it is now the largest entertainment park in Poland. At the moment, the Park offers various attractions, such as for instance: a horse-riding centre, learning about the history of the region, educational services for individuals and schools, organising integration events, etc. The Park is visited by several thousand tourists each year. As a result, the whole Bałtów community has been blossoming since the Park opened.

In 2016 the Association for Development of Bałtów Commune "Bałt" established a senior club, whose aim is to integrate and provide services for seniors.

The association hires more than 100 paid staff. Nowadays, in collaboration with Delta Association, it runs two similar Jurassic parks, in Solec Kujawski (Kujawsko-Pomorskie Province) and Krasiejowice near Opole.

(17) The illustration is based on <http://www.baltow.info/> (Downloaded 14 July 2016).

Generally speaking, the association is involved in various activities aimed at activating the local community and rebuilding its socio-economic potential, as well as undertaking activities aimed at tourist revitalisation within the region.

In 2013, the level of the enterprises' economic self-sufficiency amounted to 100%, which means that the association generates all income from selling its goods and services.

The Association for Development of Bałtów Commune "Bałt" has had the status of public benefit organisation since 2005 and therefore it benefits from all benefits intended for this type of organisation.

2.2.2 Law frameworks regulating social enterprises depending on their legal forms

Currently, in Poland social enterprises include the following types.

Social cooperatives have been firstly recognised by the Act of 13 June 2003 on Social Employment. It introduced professional activation in labour cooperatives of people threatened by social exclusion who had graduated from social integration centres (CISs). At the same time, a catalogue of people at risk or affected by social exclusion was introduced.¹⁸ Those who established labour cooperatives benefited from exemptions from paying into social security for 12 months. Nevertheless, this incentive was insufficient, and it did not encourage CISs graduates to establish labour cooperatives. In order to improve this situation, social cooperatives were introduced into Polish legislation in 2004 on the basis of the Act of 20 April 2004 on Promotion of Employment and Labour Market Institutions. This Act amended the Cooperative Law Act of 16 September 1982 by adding to it section V. Initially, in both acts (2003 and 2004), the role of social cooperatives was interpreted only in the context of work integration social enterprises (WISEs), and social cooperatives were perceived as a particular type of labour cooperative. It is the Act of 27 April 2006 on social cooperatives which regulated these entities, treating them as a separate legal form.

(18) Article 2 lists the following catalogue: the homeless implementing an individual programme of transition out of homelessness; those addicted to alcohol, drugs or other intoxicants; the mentally ill; persons released from prison and having problems with reintegration into the community; refugees participating in the individual reintegration programme; the long-term unemployed; the disabled, and people who are socially excluded because of their life situation, who are unable to meet their basic needs alone and are in a situation of poverty, which makes impossible or significantly restricts their participation in social, occupational or family life.

Entrepreneurial non-profit organisations (ENPOs) are regulated by the same legal framework that regulates the whole non-profit sector in Poland. Therefore, the establishment, existence and business activity of ENPOs structured as associations and foundations are regulated by:

- > Act of 7 April 1989 on Associations (Article 34) which states that an association may carry out business activity according to the general principles provided for by other regulations.¹⁹ Profits gained from the activities run are expected to realise the statutory goals of association and may not be shared among the association's members;
- > Act of 6 April 1984 on Foundations (Article 5.1, paragraph 5) which states that a foundation may carry out business activity with a view to accomplishing its purposes.

ENPOs are also regulated by the Act of 24 April 2003 on Public Benefit and Volunteer Work. This regulation has introduced the category of paid mission-related activity (Article 8) consisting of operations within the framework of tasks considered public, as part of objectives pursued by non-profit organisations and public benefit organisations, for which remuneration is to be charged. Furthermore, paid mission-related activities consisting of the sales of products and provision of services in such areas as the social and professional rehabilitation of persons with disabilities, the social and professional integration and reintegration of those threatened by social exclusion, and sales of donation proceeds. The 2003 Act of Public Benefit and Volunteer Work (Article 8, paragraph 2) states that any income generated from paid mission-related activity shall be used only to perform tasks recognised as general interest.

The 2003 Act on Public Benefit and Volunteer Work clarifies the differences between two types of economic activities undertaken by Polish non-profit organisations. It states that paid mission-related activity shall be recognised as business activity when:

- > remuneration from the sales of products and provision of services exceeds that resulting from simple calculations of the costs of such business; or
- > remuneration of individuals due to their employment for purposes of performing paid mission-related activities shall exceed three times the average monthly remuneration in the enterprise sector, as announced by the Chairman of the Central Statistical Office of Poland for the previous year.

The 1989 Law on Associations (Article 34), the 1984 Act on Foundations (Article 5.1, paragraph 5) and the 2003 Act on Public Benefit and Volunteer Work, create the

(19) This is the Act of 2 July 2004 on freedom of economic activity (Dz. U. from 2004, no. 173, item 1807).

basis for undertaking and carrying out economic activities by Polish entrepreneurial non-profits.

Illustration 5. A hub of social enterprises: the Foundation of Mutual Help *Barka* and the Association of Organisations – Network of Cooperation *Barka*

Entrepreneurial non-profit organisation

The Association of Organisations – Network of Cooperation *Barka* (NB) combines together around 30 organisations that are focussed on the social and labour reintegration of marginalised people. The whole network is built around the Foundation of Mutual Help *Barka* (FB). The foundation, which was established in 1989 by Barbara Sadowski and Tomasz Sadowski, tries to reintegrate marginalised people by developing partnerships between said marginalised people and professionals working with them (Węsierska-Chyc and Sadowska 2014). It has been always focussed on reintegrating people into society by engaging them in different types of economic activities. Therefore, FB was one of the pioneers in establishing organisations which are now called social enterprises.

The first step taken by FB toward developing a proper social enterprise was done with the establishment of the H. Ch. Kofoed *Barka* School. The school's main aim was to improve the social and vocational competences of marginalised people. The school's income came from sale of its own services, private donations, and grants received from the Danish Ministry of Social Assistance, the City of Poznań, the Polish Ministry of Justice, the Regional Centre of Social Policy and the Wielkopolska Voivodship Office. The Kofoed School provided an example of how social integration could be merged with economic activities inside one organisation. This example helped to develop the concept of *centrum integracji społecznej* (centre of social integration) which became an important element of the Polish social economy.

FB was also involved in the propagation of the idea of a social cooperative. The foundation was involved in transferring the Italian experiences with social cooperatives to Poland. It was also involved in formulating a law on social cooperatives. After its introduction in 2006, the majority of the economic activities of FB were transformed into social cooperatives.²⁰

(20) <http://barka.org.pl/category/dzialania-i-projekty/spoldzielnie-socjalne> (Accessed: 4 July 2016).

FB is also involved in the creation of non-profit companies. It is the major stakeholder of the Diaconal Employment Company, which cooperates with Volkswagen Poland. It is also involved in the Social Company *Barka* which manages a recreational centre near Ustka. FB is also involved in the Civic Institute of Monitoring and Recommendation. The centre is a social policy think tank.

FB has made an attempt to decentralise its structure in order to give more autonomy to organisations which had been supported or created by FB. As a result, many social cooperatives, CIS and associations currently have no formal ties with the Foundation. However, an umbrella organisation (the Association of Organisations – Network of Cooperation *Barka*) was created in 2004 for all organisations which had been established with the help of FB.²¹ This umbrella organisation helps in exchanging experiences between different members of the “Barka family”.

The case of NB shows that social enterprises may develop successfully in an environment in which non-profit organisations and social economy entities coexist with social enterprises. Such an environment encourages sharing a variety of types of resources: knowledge, competences, experience and people.

Professional activity establishments (ZAZs) are regulated by the Act of 27 August 1997 on Vocational and Social Rehabilitation and Employment of Disabled Persons.

Non-profit companies are regulated by the 15 September 2000 Act Code of Commercial Companies, which states that limited liabilities companies and joint-stock companies may pursue social aims.

2.3 Fiscal framework

All legal types that can be adopted by social enterprises in Poland enjoy significant tax privileges. Social cooperatives, ENPOs and organisations managing ZAZs enjoy tax exemptions on the basis of the 1992 Law on Income Tax from Legal Persons and legal regulations concerning particular legal types of organisations. There are also tax regulations on supported employment and public benefit organisations, which apply to several types of social enterprises. All these regulations create a relatively favourable tax environment for social enterprises in Poland. The only exceptions are non-profit companies, which enjoy tax privileges only if they have the public benefit organisation status; otherwise they are subject to the same fiscal treatment as conventional enterprises.

(21) <http://barka.org.pl/content/czlonkowie-sieci> (Accessed: 4 July 2016).

This section discusses tax regulations addressing all types of Polish social enterprises. Moreover, regulations on supported employment and those benefitting from obtaining a status of public benefit organisation are elaborated. The discussion, which is summarised in table 2, ends with the analysis of the benefits for social enterprises when compared to the system dedicated to small and medium-sized enterprises (SMEs).

Table 2. Fiscal framework for Polish social enterprises

Type	Reduced social security contributions/costs	Tax exemptions and lower rates	Tax reductions for private and/or institutional donors
All types of enterprises	Employment costs can be covered by PFRON, if PWDs are employed.	Exemption from corporate income tax, property tax, tax on civil law transactions, stamp duty, court fees, if a SE acts as public benefit organisation. This rule does not apply to social cooperatives.	Authorised to receive funds from "a 1 % scheme", if a SE acts as a public benefit organisation. This rule does not apply to social cooperatives.
Social cooperatives	Employment costs can be covered by a local government. If a social cooperative acts as a CIS, it is allowed to benefit from a partial reimbursement of its employees' salaries.	Exemption from income tax under certain conditions	-
Entrepreneurial non-profit organisations (ENPOs)	If an ENPOs acts as a CIS, it is allowed to benefit from a partial reimbursement of its employees' salaries.	Exemption from income tax under certain conditions. Exemption from VAT under certain conditions.	Tax deductions in case of individual and company donors.
Professional activity establishments (ZAZs)	Employment costs can be partially covered by PFRON.	Exemption from gambling tax, value added tax, duty tax, excise duty, income tax and means of transportation tax. Partial exemption from real estate tax, agricultural tax, forestry tax and civil law activity tax.	-
Non-profit companies	-	-	-

Source: own elaboration.

2.3.1 Benefits foreseen for particular legal types

(i) Social cooperatives

Social cooperatives are exempted from income tax, provided that their income is spent on the social and work integration of their members (Article 17 of 1992 Law on Income Tax from Legal Persons). They also register in the National Court Register without charge.

Part of the employment costs supported by social cooperatives can be financed by public institutions (Article 12 of the 2006 Act on social cooperatives). *Starosta* (the head of county local government) may sign an agreement with a social cooperative to provide the following financial support:

- > A part of employees' salaries which is devoted to contributions to retirement, health and disability pension insurances.
- > A part of a social cooperative cost of employment which is devoted to retirement, disability pension and accident insurances.

Starosta covers all these costs during the first 25 months of someone's employment in a social cooperative. During the next 12 months, he/she covers only a half of these costs. *Starosta* uses funds from the Labour Fund to cover these expenses.

Illustration 6. Akces Lab – social cooperative in the field of IT

Social cooperative

The majority of Polish social cooperatives are active in manufacturing, construction, accommodation, administrative services, human health and social work. However, there are several which try to establish themselves in different fields of economic activities. One of these is the Akces Lab (AL). This social cooperative, which was established in 2011, offers services related to the accessibility of websites to people with disabilities.

AL offers training, auditing and support for people and organisations that are interested in creating and maintaining web pages which are accessible for people with different types of disabilities. The point of reference for AL activities are the Web Content Accessibility Guidelines (WCAG) 2.0.²² The members of AL use WCAG 2.0 as a source of

(22) <http://www.akceslab.pl/index.php?strona=audyty> (Accessed: 5 July 2016).

recommendation for their audit activities. They use specialist software and hardware to perform their research and to build new, more accessible websites.

AL has cooperated with several institutions including:²³ the Polish Upper House of the Parliament, the Museum of the History of Polish Jews POLIN, the Ministry of Infrastructure and Development and the Raiffeisen Bank. It is now developing new training courses under the name: "Accessibility of European Projects for People with Disabilities".²⁴ These courses have been created because accessibility for people with disabilities is now an inherent part of all European projects in the 2014-20 framework. Courses help potential project managers to understand the idea of accessibility and to show how it could be accomplished.

AL works with a team of 10 testers, consisting of people with different types of disabilities: blindness, deafness, motor disabilities, cognitive disabilities and dyslexia. They are able to evaluate to what extent a given website is accessible for people with particular types of disabilities.

AL is also involved in several activities that assist to formulate policies toward people with disabilities. It cooperates with the Office of Public Procurements and with the Ministry of Administration and Digitalisation. It is also a member of the Forum of Accessible Cyberspace.

Members of Akces Lab view their own involvement in this social cooperative mainly as a purely commercial endeavour.²⁵ They do not have strong ties with other social cooperatives. In their opinion, AL took the form of a social cooperative because it is the most suitable way of performing business activities. AL is therefore an example of a commercial part of the social cooperative movement.

(ii) Entrepreneurial non-profit organisations (ENPOs)

Non-profit organisations that perform economic activity are exempted from income tax if income is designated for the organisation's statutory aims (Article 17 of Law on Income Tax from Legal Persons). These aims have to be linked to scientific activities, technological-scientific activities, education, culture, sports, environmental protection, infrastructure projects in the countryside, charity, healthcare, social assistance, vocational and social rehabilitation of people with disabilities and religious practices. However, non-profit organisations are obliged to pay income tax if their income derives

(23) <http://www.akceslab.pl/> (Accessed: 5 July 2016).

(24) <http://www.akceslab.pl/index.php?strona=szkoleniesrodkiunijne> (Accessed: 5 July 2016).

(25) [http://przekroczyprog.com.pl/udzial-niepelnosprawnych-w-cyberprzestrzeni-wymaga-gigantycznych-nakladow---adam-pietrasiewicz-\(04-grudnia-2012\),new,mg,22.html,130](http://przekroczyprog.com.pl/udzial-niepelnosprawnych-w-cyberprzestrzeni-wymaga-gigantycznych-nakladow---adam-pietrasiewicz-(04-grudnia-2012),new,mg,22.html,130) (Accessed: 5 July 2016).

from the production or trading of electronic equipment, fuels, tobacco products and alcoholic beverages, and precious metals.

Non-profit organisations performing general interest activities in the fields of culture, art and national heritage protection are exempted from VAT.²⁶ Incomes from these activities have to be sporadic or be used for the improvement of the quality of organisation services.

Donations given to non-profit organisations (Article 3 of the 2003 Act of Public Benefit and Volunteer Work) can be excluded from income before taxation. However, this exclusion must not exceed 6% of a donor's total income in the case of individuals (Article 26 of Law on Income Tax from Natural Persons) and 10% in the case of companies (Article 18 of Law on Income Tax from Legal Persons).

Illustration 7. The School for Leaders – a social enterprise in the search of balance

Entrepreneurial non-profit organisation

The School for Leaders (SL) was founded in 1994 by Zbigniew A. Pełczyński. At first, in 1997, it had taken the shape of an association and then it reinvented itself as a foundation in 2014. This transformation reflects on how a group of people with a charismatic leader is constantly searching for the most sufficient way of fulfilling their mission. SL is viewed by its members mainly as a non-profit organisation. The entrepreneurial aspect of its activities has been always perceived as yet another way of exercising its mission.

The SL's mission is to "support the development of civil society through training and support of leaders who perform their activities within the public sphere in NGOs, local government institutions and political parties". SL estimates that around 4 000 people have taken part in its educational and training projects. Quite a significant number of currently active public figures have been involved in SL's programmes: 171 members of local municipalities and nine members of the Polish Parliament. These public figures represent the entire political spectrum.

SL currently runs seven programmes (School of Leaders 2016b): School of Political Leaders, Leaders of the Polish Polish-American Freedom Foundation, School of Polish Diaspora Leaders, Self-governance Academy, Laboratory of Local Innovations, Two Sector – One Vision and the programme "It cannot be done without residents".

(26) Ministry of Finance PT.8101.6.2015.KCO.PT1.130.

SL also offers programmes that can be adjusted to the needs of a potential purchaser of SL's services. SL provides courses on:

- > leadership;
- > management of an organisation or a team;
- > personal efficiency;
- > interpersonal skills;
- > building organisations' external relations.

The SL addresses its offer to private companies, public administration, local municipalities and non-profit organisations.

According to the SL's financial report for 2015 (School of Leaders 2016a), the organisation had a net income of 359,405.77 PLN from selling its services and an income of 3,258,797.09 PLN from others sources including grants (3,041,602.03 PLN). The overall profit of SL, in 2015, was 208,968.09 PLN.

SL has been trying to make itself independent from grants given by the public administration. It has been developing a very varied spectrum of training services targeting potential buyers. However, it is very difficult to sell services to commercial entities. The SL's mission and type of services it provides, destines SL to work for the public administration and non-profit organisations. Still, SL demonstrates how an effective non-profit organisation can implement elements of economic activities in its public benefit mission.

(iii) Professional activity establishments (ZAZs)

ZAZs are not separate legal entities (27 August 1997 Act on Vocational and Social Rehabilitation and Employment of Disabled Persons). They are managed by organisations which have legal personhood. These organisations are assigned a separate organisational part which forms ZAZs. Tax privileges concerning ZAZs apply only to activities of these separate organisational parts.

ZAZs are exempted from all taxes excluding: gambling tax, value added tax, duty tax, excise duty, income tax and means of transportation tax (Article 31 of the 27 August 1997 Act). They are also partially exempted from real estate tax, agricultural tax, forestry tax and civil law activity tax. Resources obtained from these exemptions must be given to a company fund for the rehabilitation of persons with disabilities (90%) and to the State Fund for Rehabilitation of Disabled Persons (PFRON) (10%).

ZAZs could also be supported by PFRON in financing part of its costs of activity, including:

- > a salary of an employee with a moderate or severe disability up to 100% of minimal wage;
- > salaries of ZAZs personnel;
- > additional annual remunerations, retirement and death benefits and jubilee awards;
- > employer's and employees' contributions to social insurances;
- > employees' contributions to health insurance;
- > employer's contributions to the Labour Fund and the Guaranteed Employee Benefits Fund.²⁷

The actual level of financing activities of a particular ZAZ is defined in a contract between an organisation that manages ZAZ and a self-government at the province level.

(iv) Non-profit companies

Non-profit companies in Poland have no income tax privileges. Although it is used to fulfil social aims, their income is taxed in the same way as conventional for-profit companies (Barański 2011). For that reason, it is more convenient to set up an association or a foundation that enjoys tax privileges than a non-profit company for achieving social aims.

Currently, non-profit companies can benefit from at least some of the benefits introduced by the 2003 Act on Public Benefit and Volunteer Work. If they do not act for profit, their income is used for social aims and their profit is not divided between equity partners, stakeholders or employees, their activities could be recognised as public benefit organisations. Only in that way could they apply for public funding.

2.3.2 Benefits foreseen for social enterprises due to employing persons from disadvantaged groups and obtaining public benefit status

Supported employment

Supported employment, also called social employment, is a form of employment which is regulated by the Act of 13 June 2003 on Social Employment. It addresses people who have significant problems with entering into the labour market. It is particularly oriented towards long term unemployed people. Supported employment is based on the contract between an employer and *starosta*, who is a head of county local government. The contract obliges an employer to hire—for at least 12 months—people who took part in activities of organisations which train people excluded from the labour market: CIS or KIS. In exchange for employing these people, a company is rewarded

(27) The aim of Guaranteed Employee Benefits Fund is to secure employee financial claims in case of insolvency of their employer. The fund is managed by the Ministry of Family, Labour and Social Policy.

with a reimbursement of a part of their salaries during the first 12 months of their employment (Article 16 of the 13 June 2003 Act). In the case of one employee, this compensation must not be higher than:

- > 100% of unemployment benefit together with social insurance contributions during the first three months of employment;
- > 80% of employment benefit together with social insurance contributions during the next three months of employment;
- > 60% of employment benefit together with social insurance contributions during the next six months of employment.

Salaries reimbursement is financed from the Labour Fund.

Supported employment is important for social enterprises because social integration centres could use this form of employment. At the same time, CISs could be established by non-profit organisations and social cooperatives. Therefore, supported employment is considered to be a useful instrument for decreasing labour costs in the case of two types of Polish social enterprises, i.e., social cooperatives and ENPOs.

Employment of persons with disabilities

According to the 1997 Act on Vocational and Social Rehabilitation and Employment of Disabled Persons and the 2004 Act on Promotion of Employment and Labour Market Institutions, all employers who employ workers with disabilities on the basis of permanent contracts may apply for:

- > A monthly subsidy for remuneration paid to the worker with a disability. The amount of this subsidy depends on the level of disability: it is 180% of the minimum wage for workers with a severe disability; 100% of the minimum wage for workers with a moderate disability; and 40% of the minimum wage for workers with a mild disability.
- > The reimbursement of certain costs incurred in order to adapt the workplace for a worker with a disability (if they are employed for at least 36 months);
- > The reimbursement of workplace equipment for a for a worker with a disability (up to 15 times the average wage);
- > The reimbursement of the cost of training workers with disabilities;
- > The reimbursement of the monthly costs of employing an employee assisting the disabled worker in activities connected to communication with the environment, and performing activities that are impossible or difficult to execute by workers with disabilities in their workplaces.

The above-mentioned subsidies and reimbursements are paid out from the sources of the State Fund for Rehabilitation of Disabled Persons (PFRON). Moreover, employers

who employ disabled workers may be exempt from paying fines for not employing disabled persons which take the form of a contribution to PFRON.²⁸

Public benefit organisations (PBOs)

Some organisations are eligible to apply for the status of a public benefit organisation. These kind of organisations are exempt from paying the following taxes (Article 24 of the 24 April 2003 Act on Public Benefit and Volunteer Work): corporate income tax; property tax; tax on civil law transactions; stamp duty; court fees in relation to public benefit work performed by such organisation.

Public benefit organisations are authorised to receive funds which are donated from "a 1 % scheme" (Article 27 of the 24 April 2003 Act on Public Benefit and Volunteer Work). Each payer of a personal income tax can indicate to which public benefit organisation 1% of her/his tax should go.

The status of public benefit organisation can be obtained by non-profit organisations; church legal entities; organisational units and local authority organisation unions; and non-profit companies. This means that the status of public benefit organisation could be acquired by ENPOs and by non-profit companies. It is also possible that a non-profit organisation which established a ZAZ has the status of public benefit organisation.

2.3.3 Social enterprises in the context of fiscal support for small and medium-sized enterprises (SMEs)


The fiscal support system for SMEs has not yet been significantly developed in Poland. Polish governments representing different political options have promised to introduce such a system for a long time. SMEs on their side do not use tax preferences which are addressed to them (Wolański 2012). At the same time, experts and practitioners do not consider financial support for SMEs as an important instrument to enhance the development of social enterprises in Poland. Probably, the reason behind this is that the majority of instruments which address SMEs address entrepreneurs who pay their taxes as natural persons, and therefore they are covered by the 1991 Law on Income Tax from Natural Persons (Wolański 2012). Social enterprises, however, have legal personhood and they are covered by the Law on Income Tax from Legal Persons. Based on data provided by the Ministry of Finance (2010-2015) it is impossible to indicate to what extent, if any at all, social enterprises have made use of tax exemptions addressing SMEs. On the basis of the data provided by the Ministry of Finance, it can be assumed that social enterprises are mainly interested in enjoying a favorable tax treatment in virtue of their particular nature. As a result, social enterprises are barely interested in taking advantage of the fiscal support system for SMEs.

(28) All employers who employ more than 25 employees (converted into full time) and do not generate a 6 % rate of employment of people with disabilities are obliged to pay a contribution to PFRON.

3

MAPPING

In the third section, analyses reveal that 29,535 Polish social enterprises existed in 2019. The most numerous were ENPOs, estimated at 27,600, followed by 1,600 social cooperatives, 226 non-profit companies and 109 ZAZs. In 2019, social enterprises employed 428,700 individuals, but their employment potential, measured by the full-time equivalent (FTE), was much smaller.



3.1. Measuring social enterprises

There is no official estimation of the number of social enterprises in Poland. This study estimates the scale and dynamics of social enterprises on the basis of the available data sources on specific types of social enterprises. Based on available data, the total number of social enterprises in Poland is estimated at 29,535. Social enterprises employ 428,700 workers, but their employment potential measured in the full-time equivalent (FTE) is smaller.

Table 3. Social enterprises in Poland, in 2016-2019

Estimated N. of SEs	N. of SEs			N. of employees
	Total	WISEs	Other SEs	
Social cooperatives (as of 31 December 2017; data are based on GUS 2018)	1,600	1,600	0	4,200
ENPOs (as of 31 December 2016; data from SOF-1 ⁽²⁾ and SOF-4 are based on GUS 2018a).	27,600	N.A.	27,600	114,800 on the basis of permanent contract
				303,700 on the basis of civil law contracts
ZAZs (as of 31 December 2017; data are based on GUS 2018b)	109	109	0	6,000
Non-profit companies (as of 31 July 2019; data are provided by the MRPiPS)	226	N.A.	226	N.A.
Total	29,535	N.A.	N.A.	428,700

Source: own elaboration.

3.2. Social enterprise characteristics

(i) Social cooperatives

Social cooperatives in Poland have been steadily developing since their legal recognition by the 2006 Act on Social Cooperatives. In 2008 (two years after the establishment of this legal type) they were only 22, while there were 1,600 social cooperatives registered in 2017.

Polish social cooperatives operate in many different branches. However, they are most involved in accommodation and catering services, administrative and support services, human health and social work, and industrial processing activities: in 2017, 63.9% of social cooperatives were involved in these fields (GUS 2018).

Social cooperatives employ mostly people from disadvantaged groups, who are usually employed on the basis of stable contracts which are perceived in Poland as employment contracts providing the most stable conditions in terms of social security and worker's rights.²⁹

The annual income of social cooperatives, understood as payments received from selling goods and services as well as from other sources like rents or investments, has been fluctuating in recent years, and in 2016 it was estimated in 308,000 PLN (approx. 74,000 EUR) (GUS 2018).

It is important to note that four out of ten (39%) social cooperatives ended 2016 with a balanced position (no losses/no profits), but a similar share of social cooperatives (37%) declared a loss, while approximately one fourth of them (24%) declared a profit (GUS 2018).

(ii) Entrepreneurial non-profit organisations (ENPOs)

As of 31 December 2016, the number of ENPOs amounted to 27,600 ENPOs, pointing to an increase when compared to 2012, when 16,600 ENPOs were estimated.

The great majority of ENPOs are located in cities, usually in large cities that have the status of a county and, less frequently, in smaller townships. Only a fifth of them are located in the countryside. ENPOs exist in all 16 regions of Poland. However, they are most numerous in the well-developed regions with the larger Polish cities such as

(29) The Polish labour market has a dual structure. The core labour market consists of people who work on stable contracts regulated by labour law (permanent employment contracts). The rest of the labour market is based on civil law contracts. They provide people with short-term, precarious employment.

Mazowieckie, Śląskie and Małopolskie provinces, while the smallest number of ENPOs are located in rural regions in the Eastern part of Poland.

ENPOs operate in many fields,³⁰ but the four most popular in 2016 were: sports, tourism, recreation and hobbies (identified as the main field of activity by 26.4% ENPOs); education and research (15.4%); culture and arts (13.9%); and social services and public safety and health addressing different emergencies (11.6%) (GUS 2018a). Employment generation seems to be one of the most important functions for ENPOs. In 2016, only about one third of ENPOs (31.9%) declared hiring no paid staff, while this share raised to 59.6% in the whole non-profit sector and to 71.5% among those NPOs that declared no market activities. Moreover, 32.5% of ENPOs employ personnel on the basis of employment contracts, which are the most stable contracts; a similar share (35.5%) hire their workers on the basis of the less stable civil-law contracts. Most workers (88.7%) hired on the basis of an employment contract declared that the ENPO was their main employer. As of 31 December 2016, it was estimated that ENPOs permanently employed 114,800 persons, while the number of workers hired on the basis of civil-law contract was estimated at 303,700 (GUS 2018a).

Employment in ENPOs shows some peculiar characteristics.

Several key characteristics describing the specificity in employment in ENPOs in comparison to the whole national economy have been identified. In 2014, these were:

- > A relatively high portion of employees working part time: according to CSO (2015a) part-time workers constituted less than 8% of the whole workforce in the national economy. At this time, part-time workers in ENPOs constituted 25.2% of their whole workforce.
- > ENPOs more often employed people from groups at a higher risk of social exclusion, including women and two particular age groups.
- > Women accounted for 70.6% of all permanent employees of ENPOs, while this number was 48.6% in the whole national economy.
- > Persons of post-working age (male over 65, female over 60) comprised 7.4% of all workers in ENPOs, while post-working age workers comprised only 3.1% of those working in the whole national economy.
- > Employees of pre-working age (under 18) comprised 0.6% of all workers in ENPOs, while the share of this type of workers in the whole national economy did not exceed 0.1%.
- > ENPOs had better qualified workers, which was visible in a bigger share of employees with tertiary education (52.9% in ENPOs and only 32.5% in the national economy)

(30) The popularity of fields of activities undertaken by ENPOs is measured by the kind of activity that consumes the largest part of their budget.

and a smaller share of those who completed only primary and lower secondary school education (4.2% in ENPOs and 5.9% in the national economy).

One important fact is that quite a large number of Polish ENPOs do not hire paid staff and rely primarily on volunteers. This was the case for 35% (6,900) of entities in 2014, and a similar share was also registered for 2016. This leads to the conclusion that more than a third of Polish ENPOs are at an embryonic stage of their development.

When it comes to volunteers, one concludes that the use of voluntary work seems to be very important in the case of Polish ENPOs. In 2014, 83.5% of ENPOs reported that they benefited from voluntary work provided by their members, while 33% of ENPOs declared the use of voluntary work provided by volunteers. After converting the volunteer work in ENPOs to the full-time equivalent (FTE), it turned out that the volunteer work provided by both members and volunteers was equivalent to 10,300 full-time employees.

Having analysed the structure of ENPOs income, one concludes that they combine market and non-market income but that the first was more important. Market income comprised 70.9% of the overall income of ENPOs in 2014, while non-market income comprised 26.9% of their overall income. Table 4 presents detailed data concerning all sources of income and their share in the overall income of ENPOs.

Table 4. Income structure of ENPOs, in 2014

ENPOs (25%+)	Amount of income (in thousand PLN)	Share of income (in %)
Total income	20,157,726	100.0*
Market income from	8,216,640	70.9
unrelated business activity	3,663 871	31.6
paid mission-related activity	3,548,598	30.6
public procurement	797,950	6.9
interest, dividends	206,222	1.8
Non-market income from	3,110,585	26.9
public funds	2,132,497	18.4
<i>local government</i>	955,395	8.2
central government	637,941	5.5
EU & other foreign public funds	1,962,149	3.9

ENPOs (25%+)	Amount of income (in thousand PLN)	Share of income (in %)
1 % of personal income tax	82,796	0.7
public funds	978,088	8.5
donations, transfers	365,994	3.2
public collections	30,899	0.3
membership dues	581,195	5.0.7
Other	263,834	2.2

Source: own calculations, based on results of SOF-1 and SOF-4 (2012, 2014) surveys carried out by the Central Statistical Office of Poland.

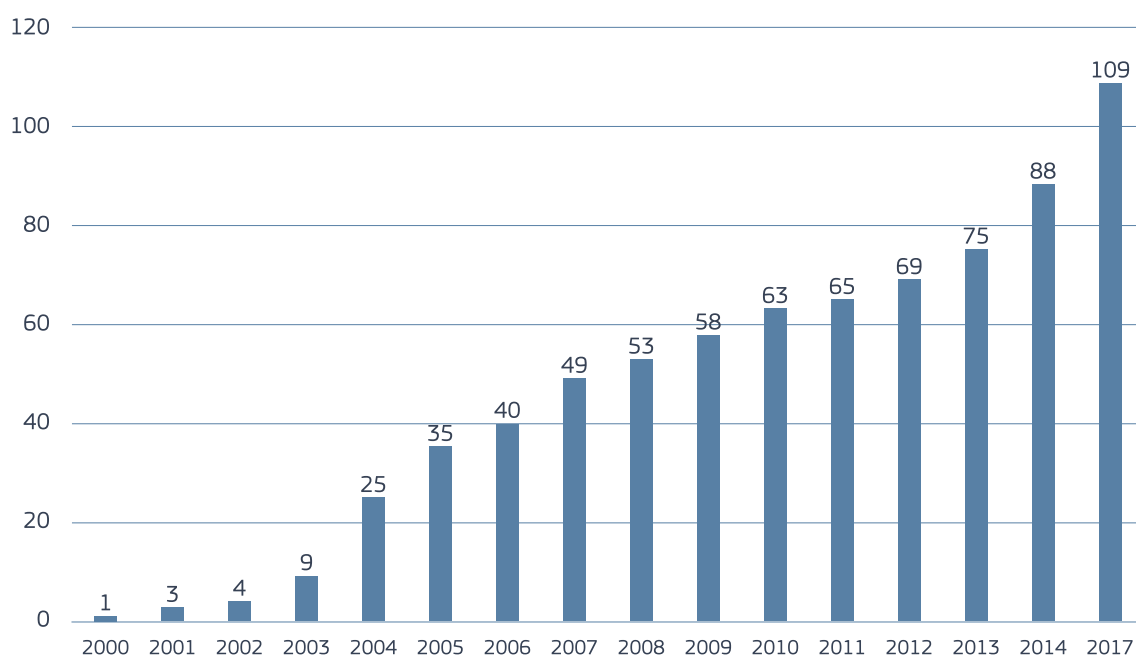
*Data may not add up exactly to 100% due to rounding.

Challenges shared by Polish ENPOs in 2016 include difficulties in raising capital, problems caused by legal procedures, insufficient number of volunteers, and problems in dealing with public administrations.

(iii) Professional activity establishments (ZAZs)

The number of ZAZs has steadily increased since the first entity was registered in 2000. There were 109 ZAZs as of December 2017.

Figure 2. Number of ZAZs, in 2000-2017



Source: PFRON (2014); CSO (2015); GUS (2018b).

In 2017, the majority of ZAZs (64.2%) were managed by foundations and associations, 33.9% by local authorities, and 1.8% by social cooperatives (GUS 2018b). This means that the majority of ZAZs are autonomous from the direct influence of state institutions.

Table 5. Proportion of ZAZs managed by local municipalities, in 2006-2017

Year	Percentage
2006	37.5
2008	35.1
2012	37.7
2013	36.0
2014	31.8
2017	33.9

Source: PFRON (2008, 2009); CSO (2015); GUS (2018b).

The most popular forms of economic activities performed by ZAZs in 2013 were gastronomical services, landscape services, printing services and services related to manufacturing and preserving clothes. A majority of ZAZs combined service activities with manufacturing activities (79.3%), some of them focused only on services (15.5%) and only a minority of them were concentrated on manufacturing (5.2%) (PFRON 2014). More recent data concerning the fields of engagement of ZAZs are not available, however it is fair to assume that there have been no significant changes since 2013 (see table 6 below).

Table 6. ZAZs by fields of activities, in 2013

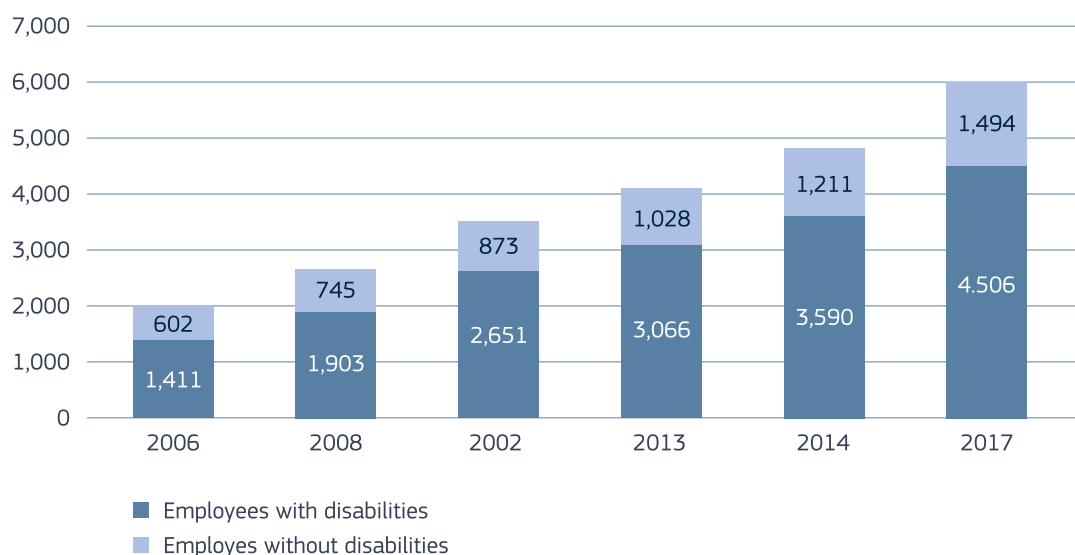
Type of activities	Number	%*
Gastronomical services including catering	23	40
Landscape services	20	35
Printing services	17	29
Washing and (dry-)cleaning of textiles	15	26
Cleaning services	14	24

Type of activities	Number	%*
Tailoring services	14	24
Woodwork and carpentry	13	22
Assembly services	13	22
Artistic craftwork	13	22
Bookbinding services	10	17
Rehabilitation services	8	14
Tourist accommodation services	6	10
Horticulture services	5	9
Document shredding services	4	7
Production of firewood	3	5
Recycling	2	3
Hiring rehabilitation and recreational equipment	2	3
Production of clothing and related merchandise	1	2
Social services	1	2

Source: PFRON (2014).

*Note: data in percentual values do not add up to 100 because respondents were allowed to indicate more than one answer.

According to data (GUS 2015, 2018b), the number of people employed by ZAZs has been increasing from 2,013 in 2006 to 6,000 in 2017. Also the rate of people with disabilities employed by ZAZs has been increasing over the years. The share of PWDs was 70.1% of ZAZs' employees in 2006 and increased to 75.1% in 2017. It is worth mentioning that according to the Law on Vocational Rehabilitation, PWDs must comprise at least 70% of all employees in ZAZs.

Figure 3. ZAZs: number of employees by their categories, in 2006-2017

Source: PFRON (2008, 2009); CSO (2015); GUS (2018b).

The major source of income for ZAZs comes from the State Fund for Rehabilitation of Disabled Persons – PFRON (2014). It provided ZAZs with 53.6% of their income (51,270,844 PLN—approx. 12,413,000 EUR) in 2012. This income is followed by trading, which comprised 26.85% (25,665,342 PLN—approx. 6,214,000 EUR) of ZAZs total budget. Other sources of income came from self-governments at the level of provinces (6,000,026 PLN—approx. 1,453,000 EUR), organisers (7,652,811 PLN—approx. 1,853,000 EUR) and other sources (5,099,181 PLN—approx. 1,235,000 EUR) in 2012.

The level of financial support for ZAZs increased in 2014 (PFRON 2015). The overall amount of money spent on supporting ZAZs activities was 149,438,254 PLN (approx. 35,439,000 EUR). PFRON spent 66,261,318 PLN (approx. 15,714,000 EUR), which consisted of 44.3% of ZAZs financial support. This proportion is significantly lower than the financial support for ZAZs in 2012.

ZAZs employ people with various types of disabilities (table 7). Almost a half of employees with disabilities are people with mental health problems, among whom the majority are employees with mental illness. The second largest group of disabled employees are people with disabilities of the locomotor system. The two other most numerous groups are people with hearing disabilities and people with epilepsy.

Table 7. ZAZs employees by type of disability, in 2013

Types of disability	Percentage
Locomotor system	18.9
Visually impaired	10.6
Blind	4.0
Hearing impaired	8.1
Mental retardation	20.7
Mental illness	24.0
Epilepsy	8.1
Autism	1.3
Overall development disorder	4.1

(iv) Source: PFRON (2014).

In conclusion, there has been an increase in the number of ZAZs, in the number of people employed by them, in the level of financial support for ZAZs but at the same in the level of their financial independence from PFRON. ZAZs seems to be another example of a relatively successful form of Polish social enterprise. Despite the very difficult procedure of establishing ZAZs, they are on the rise. Their success should probably be attributed to the stable mechanism of financial support from the State Fund for the Rehabilitation of Disabled Persons. The financial assistance of this institution helps to establish a distinct type of Polish social enterprise which employed around 4,800 people of whom almost 75% are people with disabilities

(iv) Non-profit companies

There is very limited data on non-profit companies in Poland. Currently, the most reliable data is provided by the Ministry of Family, Labour and Social Affairs, which provides the list of different legal types with a social enterprise status. According to this list, there existed 226 non-profit companies as of July 31, 2019. They operated in various domains, including education and culture, sport and tourism, services for enterprises and public administrations, trade and commerce, construction, catering, municipal services, health and beauty, and IT.

Non-profit companies have shown the most dynamic growth trend among all types of social enterprise in Poland between 2014 (when only 27 of such entities existed)³¹ and 2019. Nevertheless, detailed data regarding non-profit companies is not available.

(31) According to database provided by a non-profit organisation named Social and Economic Investment Company, TISE SA, and the Department of Economy and Public Administration at the Cracow University of Economics.

4

ECOSYSTEM

In this fourth section, the Polish social enterprise ecosystem is framed within the policy shaped by the Ministry of Family, Labour and Social Policy and its Department of Public Benefit. Social economy support centres (OWESs) provide tailored services to social enterprises.

Policy schemes supporting social enterprises consist of two pillars: 1) support measures addressing all enterprises that fulfil specific criteria; and 2) support measures addressing social economy/non-profit organisations.

The system of networks integrating and representing social enterprises in Poland is under construction. Two networks have been investigated in this study: 1) the National Audit Associations of Social Cooperatives (*Ogólnopolski Związek Rewizyjny Spółdzielni Socjalnych – OZRSS*); and 2) the Union of ZAZs Employers and Other Social Enterprises (*Ogólnopolski Związek Pracodawców Zakładów Aktywności Zawodowej i innych Przedsiębiorstw Społecznych*).

Poland has developed a comprehensive system of social enterprises investigation, including: various organisations collecting data on different legal forms; a system of university education addressing social enterprises; and a special "educational package" used in primary and secondary schools.

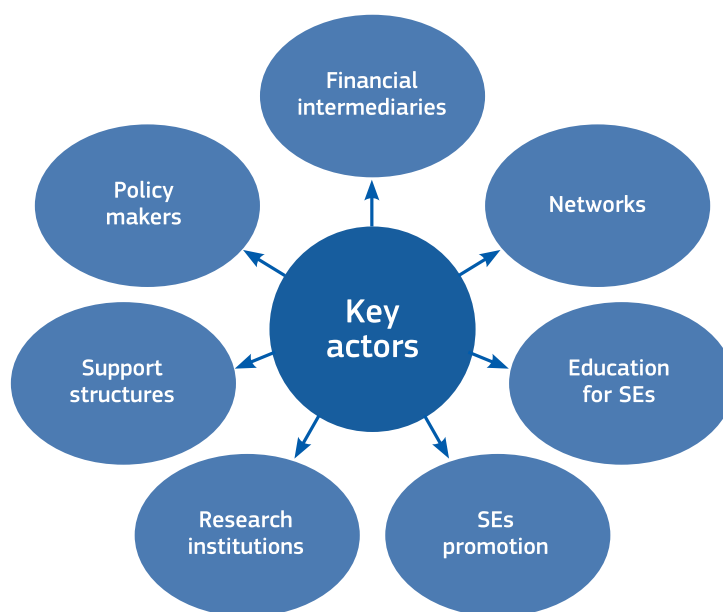
Public institutions are Poland's major financial intermediaries. Non-profit organisations provide supplementary micro loans.

The financing system for social enterprises is characterised by some challenging aspects (i.e., a limited number of institutions providing finance and the domination of EU-supported instruments), which may generate problems with sustainability once projects are finalised.

4.1. Key actors

Several key actors are part of the ecosystem for social enterprises in Poland. They operate at all administrative levels, i.e., national, regional and local, in order to create policy schemes for social enterprises and support their legal, financial and know-how development. This section provides information about the Polish key actors who create a comprehensive system as presented in figure 2.

Figure 4. System of key actors in the ecosystem for social enterprises in Poland



Source: own elaboration.

4.1.1. Policy makers

The main governmental institution in charge of shaping and implementing the ecosystem for social enterprises at the national level is the Ministry of Family, Labour and Social Policy, with the Department of Public Benefit as its organisational unit.

In 2009–2014, the Department of Public Benefit worked closely with another governmental body—the Council on Systemic Solutions in the Field of Social Economy (*Zespół ds. rozwiązań systemowych w zakresie ekonomii społecznej*). It was established by the Prime Minister in 2008, with the aim of constituting policy schemes for the social economy and social enterprises. This governmental body consisted of representatives of relevant ministries, local government and non-profit organisations. The Council consisted of four working groups, such as:

- > the finance group, whose aim was to define and develop financing schemes and financial instruments addressing the needs of social enterprises, including the development of the system of preferential loans;
- > the legal group, whose aim was to work out the legal schemes that regulate social enterprises, with a special regard to the exclusive legal act regulating social enterprises;
- > the educational group, whose aim was to investigate and support various formal and non-formal education activities for social enterprises, with a special focus on the introduction of social enterprises into the curricula of general education; and
- > the strategic working group, whose aim was to work out the strategy of the development of the social economy and social enterprises.

The mandate of the Team for Systemic Solutions in the field of Social Economy expired in 2014. However, in order to complete all the tasks, including in particular those connected with the entering into force of the National Programme for Social Economy Development, in 2015, the Team for Systemic Solutions in the field of Social Economy was replaced by another governmental body named the State Committee for Social Economy Development³² (*Krajowy Komitet Rozwoju Ekonomii Społecznej* – KKRES). This is a subsidiary body to the Minister of Labour and Social Policy. It plays a role of key instrument for the cohesion of public policies related to social economy and social enterprises. It coordinates activities undertaken in these fields at the national level, as well as making strategic decisions related to the KPRES Programme implementation. It also creates and monitors activities undertaken in the field of social economy and social enterprises at the national level (KPRES 2014, Minister of Labour and Social Policy 2015). In 2015–2018, it consisted of various groups of stakeholders, who represented public administrations at different levels, academics, unions of social enterprises, and the non-profit sector.

The Minister of Labour and Social Policy is the Chairman, while the Director of the Department of Public Benefit is the secretary of the State Committee of Social Economy Development. The total number of members engaged in this body in 2014–2018 was 36. Moreover, 18 supporting members who were experts in the social economy and social enterprise were also invited to the State Committee for Social Economy Development. KKRES was backed by the State Secretariat for Social Economy, which was located within the structure of the Department of Public Benefit. The State Secretariat was, among others, responsible for (KPRES 2014):

(32) The State Committee for Social Economy Development was established on the basis of the National Strategy for Social Economy Development and the Ordinance of the Minister of Labour and Social Policy of 27 February 2015 concerning the establishment of the State Committee for Social Economy Development.

- > coordinating actions undertaken by public administration addressing the social economy and social enterprise sector;
- > monitoring and generating knowledge and initiating public debates on the place of the social economy and social enterprises in public policies;
- > undertaking activities for the social economy and social enterprise sector by assuring quality of the support system (accrediting services which provide services for the sector).

In October 2018, the State Committee for Social Economy Development was constituted for a second term. Similarly to the previous one, the current Committee consists of various stakeholders who represent environments connected with social economy and social enterprise problems, both from public administrations, social enterprises and the non-profit sector. The total number of members of the Committee of a second term is 52.³³

In order to incorporate the National Programme for Social Economy Development at the regional level, Regional Committees for Social Economy Development were established in all 16 regions in 2015. The KPRES 2019-2023 has extended their term for the next four years. Regional Committees play consultancy and advisory roles for local authorities at the regional level and coordinate regional actions in the field of the social economy and social enterprise. They are composed of representatives of regional authorities and the social economy, science, and business sectors (KPRES 2014, 2019). Regional Committees for Social Economy Development are obliged to cooperate and support Regional Centres for Social Policy (*Regionalne Ośrodki Polityki Społecznej* – ROPS). The latter entities, on behalf of Regional Committees for Social Economy Development, coordinate actions undertaken by public authorities at the regional level in the field of social economy (KPRES 2014, 2019).

4.1.2. Social Economy Support Centres as examples of support structures at regional and local level

Social Economy Support Centres (*Ośrodki Wsparcia Ekonomii Społecznej* – OWESs) are basic instruments supporting the establishment and existence of social enterprises. In the funding periods 2007-2013 and 2014-2020 they were established as EU projects and funded from the ESF-funded Operational Programme Human Capital.

(33) According to data provided by the Ministry of Family, Labour and Social Affairs, <http://www.ekonomiaspoleczna.gov.pl/Sklad,Krajowego,Komitetu,Rozwoju,Ekonomii,Społecznej,3943.html> [Accessed 27 September 2019].

OWES operate mainly at a regional and local level. According to the database provided by the Ministry of Family, Labour and Social Affairs, 60 OWES were registered as of September 12, 2019.³⁴

OWES are expected to provide a wide range of tailored support for existing social enterprises as well as organisations or groups of persons that are interested in establishing a social enterprise. OWES also provide support for associations and foundations that are interested in launching economic activity. Social economy support centres provide in particular legal, fiscal and marketing advisory services for their clients.

It is difficult to analyse the *de facto* scope of OWES activities. No research measuring OWES activities and their real impact on social enterprises' development has yet been conducted. However, between 2015 and 2019 the Ministry of Family, Labour and Social Affairs implemented specific measures with a view to standardise, organize and improve the quality of services provided by OWES. Amongst these, the Ministry set the Standards for OWES, which must be met by all organisations applying and obtaining the OWES accreditation, which is awarded for a two-year period.

Some overviews of the impact of existing social economy support centres has emerged from various regional reports. Nevertheless, a limited number of such reports and their descriptive—rather than analytical—character hinder any access to reliable data. Despite this, OWES' deficits in supporting social enterprises' development are commonly known. The basic weakness of social economy support centres, pointed to in the KPRES Programme (2014), concerns their excessive fragmentation and lack of sustainability. As mentioned above, OWES function as EU projects, and their existence is not assured by other public funds. As a result, the great majority of OWES are, generally speaking, labels for EU-funded projects conducted by various initiatives, including both the public administration institutions and associations and foundations. As a consequence, in the programming period 2007-2013, some OWES functioned mainly during the period of the running of the Operational Programme Human Capital projects (typically up to two years) either closed or severely limited the scope of activities after the Human Capital support dried up. Not surprisingly, this could not be considered an effective way of serving the needs of newly emerging and already established social enterprises. Other deficiencies shared by social economy support centres are linked to the lack of the bodies that could represent them. In general, OWES have not cooperated with each other, and nor have they built comprehensive networks at the regional or local level. Consequently, they tend to overlap or duplicate their activities.

In order to make social economy support centres more effective in terms of long-term organisational and financial sustainability, the accreditation procedure for OWES was

(34) Database available at: <http://www.ekonomiaspoleczna.gov.pl/Wykaz.akredytowanych.Osrodkow.Ekonomii.Spolecznej.3920.html> [Accessed: 27 September 2019].

started for the first time in 2015. Only social economy support centres which provide high-quality services can get the accreditation, and therefore are allowed to use public finance. The accreditation standards have been designed by the Accreditation Committee operated by the Minister of Labour and Social Policy. This Committee consists of about 20 representatives, coming from public administration institutions (mainly ministries and regional offices, and the Joint Central Government and Local Government Committee) as well as experts. The accreditation is given to OWES for a two-year period. In November 2019, for the third term the Accreditation Committee was constituted by the Minister of Family, Labour and Social Affairs. As of 5 November 2019, 62 accredited OWES functioned in Poland.³⁵

4.1.3. Awards and private certification schemes for social enterprises

Since 2011, the Foundation for Socio-Economic Initiatives (Fundacja Inicjatyw Społeczno-Ekonomicznych – FISE) has been organising an annual competition "The Best Social Enterprise of the Year", in memory of the Polish politician Jacek Kuroń. The idea behind the competition is to reward individuals and organisations that make use of market mechanisms for the achievement of social objectives. Financial rewards are granted in three categories, such as the main reward (15,000 PLN— approx. 3,600 EUR), idea for development (10,000 PLN—approx. 2,400 EUR), and discovery of the year (5,000 PLN—approx. 1,200 EUR).³⁶ The following types of organisations are entitled to participate in the competition: social cooperatives; ZAZs (only those run by non-governmental organisations); non-profit companies; and foundations, associations and similar organisations that carry out unrelated business activity.³⁷ The ninth edition of the contest takes place in November 2019.

Moreover, in Poland private quality certification schemes for social enterprises are in place, as outlined below:³⁸

- > Social Economy Sign (eS) covers the whole of Poland. It is a kind of a quality certificate, granted by FISE to social enterprises that are finalists in the annual contest "The Best Social Enterprise of the Year". Social enterprises of different legal types, including social cooperatives, ZAZs (only those run by non-governmental organisations), ENPOs (only those carrying out unrelated business activity), are allowed to apply for the Social Economy Sign (eS). The sign is granted for a one-year-long term; however, an organisation is entitled to apply for an extension

(35) www.konkurs-es.pl [Accessed: 27 September 2019].

(36) www.konkurs-es.pl [Accessed: 27 September 2019].

(37) Based on Rules of the 9th contest, available at <https://konkurs-es.pl/regulamin/> [Accessed: 27 September 2019].

(38) Information on these initiatives is available on the following websites, respectively: <http://www.znak-es.org/> and <http://www.zakupprospoleczny.pl/>.

(which is evaluated by FISE). As of September 2019, 18 social enterprises have obtained the right to use the sign.

- > "Pro-social certificate" which is currently available for social economy entities and social enterprises in all 16 provinces, however in two of them (*Mazowieckie and Pomorskie*) has not been granted yet. The certificate is granted by the Foundation Saint Jadwiga - the Queen of Poland (*Fundacja Królowej Polski Św. Jadwigi*). Similarly to the Social Economy Sign (eS), social enterprises of all types are allowed to take part in the certification process; also in this case only ENPOs carrying out unrelated business activity may apply. As of 27 September 2019, 152 social economy entities and social enterprises have received the certification.

These certification schemes have well defined access/selection rules and hence are believed to select good social enterprises. They are also believed to help promoting the idea of social enterprise in general, and products and services offered by social enterprises, and hence broaden the potential client base. Creating strong, well-recognised brands/certificates for products of social enterprises could in particular solve some dilemmas in the promotional activities of social enterprises, e.g., the difficult life situations of their employees such as those with disabilities.

4.2. Policy schemes and support measures

4.2.1. Support measures addressing all enterprises that fulfil specific criteria

The system of support measures addressing all enterprises, including social enterprises that fulfil specific criteria is very comprehensive and well developed in Poland. In particular, enterprises employing persons with disabilities enjoy various types of benefits. Employers are allowed to apply for subsidies for the remuneration of disabled workers and are provided with grants for the adaptation and equipping of the workplace for them. These grants are provided by the State Fund for Rehabilitation of Disabled Persons (PRFON, for more details see section 2.3.).

Support measures are addressed also to employers who decide to employ persons from disadvantaged groups who have problems with (re)entering the labour market and are for this reason assisted by supported employment. In this case, a system of start-up grants considering the reimbursement of a part of the salary paid to workers is provided by the Labour Fund (for more details see section 2.3.).

4.2.2. Support measures addressing social economy/non-profit organisations

Polish social enterprises are entitled to benefit from support measures addressing social economy organisations. This is in particular organised within the framework of the National Programme for Social Economy Development (KPRES). It is currently the fundamental document which sets policy schemes for the development of the social economy and social enterprises in Poland. This is due to the fact that the Act on social enterprises has not yet been enacted, thus—as a draft—it cannot be treated as a regulation that could shape policy schemes.

The KPRES Programme constitutes a part of the national strategic planning system which relays national horizontal strategies. They address the key issues and challenges of development in Poland. Consequently, the KPRES Programme discusses the role of the social economy and social enterprises in public policies, as well as creating a comprehensive ecosystem, which includes legal, financial and support instruments for their development. The National Programme for Social Economy Development was prepared in 2012-2014 with a specific strategic context. The basic point of reference was as follows:

- > the Long-term National Strategy–Poland 2030 Third Wave of Modernity, which states that the strategic developmental objectives are to achieve welfare through work by supporting educational and professional activities and to increase general access to public services at every life stage;
- > the National Development Strategy 2020 which envisages developing legislative and financial instruments supporting the social economy as one of the actions foreseen until 2020 to achieve objectives related to increased activity of people at risk of exclusion and those socially excluded;
- > nine integrated horizontal strategies, which operationalise the National Development Strategy 2020. Among these strategies, the most important for the KPRES Strategy are:
 - the Social Capital Development Strategy and the Human Capital Development Strategy. Both documents mention social economy and social enterprises in their context. Social economy, according to these documents, is an innovative instrument which improves the social and professional integration of the socially excluded and strengthens social capital. Social enterprises are seen as one form of social economy entities that could satisfy the needs for employment of disadvantaged people and supplement the delivery of goods and services. Social enterprises are also perceived as those who generate social added value;
- > the National Reform Programmes (NRP) is updated every year in line with the European Semester and constitutes the basic instrument for the implementation of the Europe 2020 Strategy by the Member States. The 2019/2020 update of the

NRP envisages the tasks to be continued in order to provide support for the social economy and social enterprises until 2023. They are described as follows:

- continuation of the activities aimed at building a financial support system in the form of loans and guarantee funds for social economy within the National Fund for Social Entrepreneurship;
- continuation of the accreditation system for OWES, in order to secure high-quality for the services provided;
- continuation of works which will led to the adoption of the Act on Social and Solidarity Economy;
- continuation of works aimed at building a monitoring system for the social and solidarity economy sector;
- implementing activities aimed at the popularisation of social and solidarity economy organisations among the young generation (schools);
- building of a participatory management system for the social economy sector.

The table below displays the budget assigned to the tasks planned to support the social economy sector for 2019 and 2020.

Table 8. Financing of the tasks for the support of the social economy (NRP - 2019/2020 update) - in thousand PLN

Tasks descriptions	2019			2020		
	Total public finance sector expenditure	of which state budget	of which European fund budget	Total public finance sector expenditure	of which state budget	of which European fund budget
Accreditation process of OWES	1,900,000	298,680	674,044	276,140	43,409	232,731
Building a participatory management system for the social economy sector	1,452	228,340	1,224,206	320,000	50,304	269,696
Building a financial support system (loans)	39,725,000	6,244,770	1,224,206	320,000	50,304	269,696
Developing instruments for comprehensive monitoring of the social economy sector	802,140	126,096	676,044	276,140	43,409	232,731

Source: The National Reform Programme. Update 2019/2020: 42.

The National Programme for Social Economy Development sets the directions and instruments for policy scheme for social enterprises at the national level. However, it also refers to the regions, which are expected to follow the directions and carry out the tasks set in the KPRES to support the development of the social economy and social enterprises. KRES aims at turning social and solidarity economy entities into actors specialised in providing (re)integration services for persons threatened by social exclusion, as well as public and local development services at the local level. This main goal is expected to be achieved by four detailed aims, i.e., supporting partnerships between local governments and social and solidarity economy entities, creating jobs in social and solidarity economy entities, making social and solidarity entities more competitive, and building positive attitude towards social and solidarity economy entities.

The system of loans and loan agreements has been introduced in Poland in order to support social economy organisations, and it can be treated as the element of support measures addressing social economy organisations (for more details see box 1 and box 2 in section 4.6).

Support structures existing in Poland also provide benefits for all organisations having public benefit status. These benefits are linked in the first place to the tax assignment system (for more details see section 2.3.).

Other benefits are foreseen for various legal types, including social cooperatives, non-profit organisations and professional activity establishments. These support measures encompass the tax assignment system and co-financing salaries of employees (the latter only in the case of social cooperatives)—for more details see section 2.3.

4.2.3. Support measures specifically addressing social enterprises

Poland has not yet developed a system of support measures specifically addressing social enterprises.

Table 9. Types of public support measures in Poland

Addressed to all SEs fulfilling specific criteria	Addressed to social economy/non-profit organisations	Addressed to SEs
Grants provided for all types of enterprises which meet particular criteria (e.g., if they employ PWDs or persons from disadvantaged groups who have problems with (re)entering to the labour market). Grants provided by the Labour Fund and PFRON.	<ul style="list-style-type: none"> > KPRES sets the direction and instruments for policy schemes for the social economy and SEs at the national level and identifies the specific tasks provinces are expected to realise. > Loans and loan agreements for social economy organisations. > Tax assignation system. > Co-financing of salaries of workers working in particular legal types. 	No

Source: own elaboration.

4.3. Public procurement framework

Public procurement law³⁹ favours enterprises fulfilling particular criteria (e.g., employing particular employers and taking into consideration particular social aspects). More specifically the term "social public procurements" (*społeczne zamówienia publiczne*)⁴⁰ is used to describe public procurement processes taking into consideration at least one of following social aspects:

- > possibility of employment;
- > decent job;
- > accordance with social laws and with the right to work;
- > social integration;
- > equality of opportunities;

(39) The part of the report on social public procurement was written based on information provided by Katarzyna Ołdak-Bułańska from The Polish Public Procurement Office.

(40) <https://www.uzp.gov.pl/baza-wiedzy/zrownowazone-zamowienia-publiczne/spoleczne-zamowienia/podstawowe-informacje> [Accessed: 22 August 2016].

- > accessibility;
- > the principle of "accessible and designed for everyone";
- > sustainable development.

The above-mentioned social aspects could be taken into consideration at every step of a public procurement granting procedure.

Social clauses are considered to be a part of social public procurements. Social clauses enable public procurements to be limited to those entities which have over 50% of employees with disabilities (Article 22 of the Act of 29 January 2004 Public Procurement Law). They also enable the setting of additional conditions for public procurements which are related to employment of people threatened by social exclusion (Article 29 and 36 of the 29 January 2004 Act Public Procurement Law). A description of procurement could include requirements concerning the employment of unemployed or young people, people with disabilities and others categories of disadvantaged people mentioned in the Law on social employment. The conditions of a public procurement on buildings works and services could also obligate a contractor to sign employment contracts with its workers.

Legal regulation also prohibits specific types of entities from taking part in public procurements. Contractors who fall behind with tax payments, social or health insurance payments or have been sentenced for a crime against workers' rights are excluded from public procurements (Article 29 and 36 the 29 January 2004 Act Public Procurement Law).

The Polish Public Procurement Office conducts regular research on social aspects of public procurements. The research covers 4% of randomly chosen announcements of public procurements published in the given year. According to these studies, 2.04% of public procurements included social aspects in 2011, 2.9% in 2012, 4.5 % in 2013, 3.1% in 2014 and 4.08% in 2015.

The same office also studies how often social clauses are used in public procurements. The research covers only part of public procurements which are published in the Bulletin of Public Procurement and that are higher than 30,000 EUR and lower than European thresholds. In this group, 0.13% of public procurements had social clauses in 2012, 0.23% in 2013, 0.13% in 2014 and 0.15% in 2015.

Public Procurements Law have been adjusted to comply with the EU rules on public procurement (i.e., Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC, and Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal

services sectors and repealing Directive 2004/17/EC). The new, amended, law entered into force on 28 July 2016.⁴¹

The new law enables the limitation of public procurements to contractors whose main aim of activity is the social and labour integration of people threatened by social exclusion. These groups are listed in the new law. However, the list is only basic and could be extended. The list includes:

- > people with disabilities;
- > unemployed persons;
- > prisoners and people released from a jail;
- > mentally ill people;
- > homeless people;
- > refugees;
- > people seeking employment (up to 30 years old and over 50 years old);
- > members of social minorities;
- > members of otherwise marginalised groups.

The new law adds new types of social clause. An invitation to tender may now include "other social aspects". A contractor could now be obliged to fulfil other social requirements that are unspecified by the law. The new law also unconditionally obliges contractors and subcontractor of buildings works and services to sign employment contracts with their workers.

In the case of specific types of health, social and cultural services,⁴² a contracting authority is now allowed to give a contract only to entities meeting all the following conditions:

- > by providing social services they fulfill public benefit aims, and they also pursue the social and vocational integration of marginalised people;
- > they act not for profit, they use the entire income to achieve their statutory goals, and they do not distribute income between their equity partners, stakeholders and employees;

(41) <http://www.ekonomiaspoleczna.pl/wiadomosc/1923294.html> [Accessed: 6 July 2016].

(42) Administrative educational services, administrative healthcare services, administrative housing services, supply services of domestic help personnel, supply services of nursing personnel, supply services of medical personnel, pre-school education services, higher education services, e-learning services, adult education services at university level, training services, operation of an educational centre, tutorial services, library, archives, museums and other cultural services, sporting services, membership organisation services, services provided by youth associations and services which have CVP (Common Procurement Vocabulary) code from 85000000-9 (health and social work services) to 85323000-9 (Community health services).

- > their governance structure is based on co-management; employee share ownership or employee participation;
- > during last 3 years they have not signed a contract with this current procurer based on the same regulation;
- > they are allowed to sign a contract for no longer than three years.

4.4. Networks

There exist a few umbrella organisations grouping social enterprises of different legal types. Examples include:

- > Union of ZAZs Employers and Other Social Enterprises (*Ogólnopolski Związek Pracodawców Zakładów Aktywności Zawodowej i Innych Przedsiębiorstw Społecznych*). It was established in 2012 and gathers 40 organisations, mostly ZAZs (as of June 2016).
- > National Audit Association of Social Cooperatives (*Ogólnopolski Związek Rewizyjny Spółdzielni Socjalnych – OZRSS*). It was established in 2007 and gathers 264 social cooperatives, which represent the 16.5% of all such entities (as of September 2019).⁴³

The above-mentioned organisations aim to represent their members and the broader group of social enterprises, to promote social enterprise in its various forms, and to provide support for member organisations. Nevertheless, in practice, they concentrate mainly on social enterprises representing particular legal forms, even if they declare carrying out broader activities. Moreover, when the number of organisations of each legal type united in each umbrella organisation is taken into consideration, one concludes that umbrella organisations represent only a small share of organisations of each type.

The effectiveness of the activities undertaken by umbrella organisations differs from organisation to organisation, and moreover this is difficult to investigate. No data showing the real influence of these organisations on public policy on social enterprises has been yet provided. Similarly, their impact on the development of social enterprises of each legal type or on the whole sector of social enterprises has not been recognised. Overall, the Polish social enterprise sector does not appear to have strong institutionalised representation. This may be owing to several factors, including the design of public support schemes for social enterprises, the relatively recent establishment of some social enterprises and thus their umbrella organisations, and a generally weak tradition

(43) Data from <http://ozrss.pl/zwiazek/czlonkowie/> [Accessed: 27 September 2019].

of business representation in Poland. Moreover, the important factor that seems to weaken building strong representative and advisory bodies for social enterprises in Poland is linked to the strong fragmentation of Polish social enterprises. They lack a common identity, focussing more on their legal types' belongingness than building a common sector with one representation.

4.5. Research, education and skills development

There are several institutions in Poland that measure and monitor social enterprises in a constant way. One of the most important ones is the Central Statistical Office (CSO) of Poland, which has been building up an elaborate body of statistical data on the third sector/social economy, also within the frameworks of satellite account. CSO collects complete and current data on the socio-economic potential of various legal forms, in particular non-profit organisations and ZAZs, which could form social enterprises. Beginning in 2008, the Central Statistical Office has conducted surveys every two years on so called SOF forms (SOF-1, SOF-4 and SOF-5). These surveys are not dedicated explicitly to social enterprises, but they investigate the whole non-profit sector. However, the database from SOF surveys, due to its completion, enables the analysis of those non-profit organisations that are market-oriented. SOF surveys have been included in the Public Statistics Research Programme (approved by the Council of Ministers every year), which guarantees the continuity and financial stability of SOF surveys.

The Central Statistical Office of Poland has been recently engaged into the "Integrated system of the monitoring of social economy Project", which started on 1 June 2016 and will finish on 30 June 2020. The aim of this project is to work out a comprehensive system of monitoring and collecting data in the field of the social economy. This will help to integrate the social economy with public policies. The project envisages launching a detailed database in the form of a platform, which will enable its users to make their own calculations concerning the social economy. The Department of Public Benefit is an applicant in this project. The project is financed from EU funds, within one of the national programmes: Operational Programme Knowledge Education Development. The "Integrated system of the monitoring of social economy Project" has been granted 5 million PLN and is an executive instrument for the National Programme for Social Economy Development, which investigates a need to collect comprehensive and updated knowledge on the condition on the social economy sector and social enterprises.

The level of the scientific recognition of social enterprises depends on their legal type. ENPOs seem to be the best investigated in Poland, mostly due to regular SOF surveys conducted by the Central Statistical Office. The Central Statistical Office also provides

statistical data on various types of integration entities, including ZAZs. Social enterprises of this type have been also investigated by the State Fund for the Rehabilitation of Disabled. This investigation has not been conducted regularly.

Social cooperatives are regularly investigated in Poland due to the formal obligation for the Council of Ministers to present, every two years to the Polish Parliament, the information about these legal types. Three comprehensive reports on social cooperatives have so far been released by the Department of Public Benefit (in 2013, 2015, and 2018). The effort of monitoring social cooperatives has been recently undertaken by the National Audit Association on Social Cooperatives (*Ogólnopolski Związek Rewizyjny Spółdzielni Socjalnych*), which collected a wide range of data integrated also into this report.

Non-profit companies have not received much recognition in Poland, except for quantitative data provided by the Ministry of Family, Labour and Social Affairs within a list of organisations with different legal types which have obtained the social enterprise status.

In Poland several research units, including universities and non-profit organisations, carry out research on social enterprises. This research, however, except for one case, has not been conducted on a continuous basis. In a few regions, observatories of social enterprises have been also established. These are, however, not autonomous organisations but projects financed by EU funds located in various public institutions, in particular in Province Employment Agencies (WUP) and Regional Centres for Social Policy (ROPS). Therefore, the stability and continuity of these observatories are highly debatable.

Several universities have already introduced elements related to social enterprises to their curricula. This has been organised either in the form of postgraduate studies or elements incorporated into the bachelor programmes within fields such as social entrepreneurship and CSR, local development, social policy and social assistance. Only one university, i.e. the Pedagogical University of Krakow, offers full-time social economy programme (both bachelor and master). It should be underlined, however, that none of the courses directly apply to social enterprises. They have investigated the social economy, while social enterprises were only one of several issues investigated in these courses.

Table 10. Education for social enterprises on the academic level

Postgraduate studies

Name of the higher school	When?	Number of semesters	Is it organised on a continuous basis?	Payment	Source of finance
Małopolska School of Public Administration, Cracow University of Economics	2009-2015	2	No Several editions organised	No	EU funds
Institute of Social Policy, University of Warsaw	2009-2015	2	No Several editions organised	No	EU funds
University of Wrocław	2015/2016 academic year	2	No data	Yes: 1,800 PLN per semester)	N/A
Janusz Korczak Pedagogical University in Warsaw	2008/2009 academic year	2	No 1 edition	No	EU funds
Higher Hanseatic School of Management in Słupsk	2014/2015 academic year	2	No 1 edition	Yes	N/A
Humanitas University in Sosnowiec	-	2	No 1 edition	Yes	N/A

Regular courses within bachelor and master programmes

Name of the higher school	When?	Number of semesters	Is it organised on a continuous basis?	Payment	Source of finance
Institute of Social Prevention and Resocialisation at University of Warsaw	2015/2016 academic year, planned for 2016/2017	1	Yes	No	N/A
Pedagogical University of Krakow	2016/2017 academic year	6 for BA 4 for MA	Yes	Yes	N/A

Source: own elaboration, based on the facilitation process envisaged in the present Mapping study.

Further academic education activities related to social enterprises were provided in the KPRES 2014-2018.

A special "educational package" in the form of a manual for teachers was prepared by the Council on Systemic Solutions in the Field of Social Economy in order to promote social enterprises in primary and secondary schools. More recently, the National Programme for Social Economy Development envisages an investigation of the core curriculum for general education in order to supplement the curriculum of the subject

"Fundamentals of Entrepreneurship" with information on the social economy and social enterprises. They can be then used in the implementation of pupils' educational projects for "Civics" classes or "Civic Education in Local Authority Schools" programme (project "Young Citizen" and others) aimed at developing entrepreneurship among young people (KPRES 2014).

KPRES 2019-2023 seems to keep the direction set by its predecessor by announcing some activities, which will lead to a stronger recognition of social and solidarity economy entities and social enterprises.

4.6. Financing

4.6.1. Demand for finance

No estimation of the demand for finance in the case of Polish social enterprises is available. The prevailing view appears to be that demand still exceeds supply. Some voices consider the lack of financing as one of the main reasons behind the small size and lack of coherence among social enterprises in Poland. At the same time, social enterprises usually try to secure funds from sources which are dedicated to particular legal types. For example, ZAZs are mainly concerned with financial support from PFRON which has been discussed in section 2.3. However, based on available data, it is difficult to estimate to what extent the demand for financial support is met in the case of each type of social enterprise.

4.6.2. Supply of finance

Financial intermediaries

Several intermediaries providing financial support for social enterprises in Poland have been identified at the national level. They can be organised in two groups comprising:

- > Public actors: this group consists of public institutions such as the Ministry of Family, Labour and Social Policy which administers European funds provided for social enterprises. It works with the assistance of the state-owned bank the National Economy Bank (Bank Gospodarstwa Krajowego – BGK) which was responsible for managing these funds in the programming period 2007-2013 and will govern European funds for social and solidarity economy until 2023;
- > Non-profit actors: in 2014-2018 this group encompassed the Social and Economic Investment Company TISE SA and several smaller intermediaries, including the Micro Initiative, PAFPIO and NESsT.

Financial intermediaries are described in detail below.

- > The National Economy Bank (*Bank Gospodarstwa Krajowego* – BGK) is a state-owned bank responsible for the management of the public funds, including European funds, supporting the social and solidarity economy, and social enterprises in Poland. In 2013-2016 it played a role of managing authority in the project "Support to financial engineering for the development of social economy" (see box 1). In 2014-2020, BGK managed the project "Implementation of loans and loan agreements instrument within the National Fund for Social Entrepreneurship" (on the basis of the agreement with the Ministry of Family, Labour and Social Policy) (see box 2).
- > The Social and Economic Investment Company TISE SA in 2012-2019 was a partner of BGK in the pilot project financed by ESF under Measure 1.4 "Support to financial engineering for the development of social economy" (see box 1). In May 2016, the European Investment Fund (EIF) and TISE SA signed a Social Entrepreneurship guarantee agreement aimed at supporting social enterprises in Poland under the European Commissions' Programme for Employment and Social Innovation (EaSI).
- > Social venture capital (SVC), has existed since 2018 on the basis of an agreement between TISE SA and the Ministry of Family, Labour and Social Affairs. SVC utilizes venture capital model and financial instruments existing in the capital market to provide financial support to social enterprises, non-governmental organisations and various activities with a clearly defined social mission. A total amount of 11.3 million PLN (approx. 2.7 million EUR) has been assigned to SVC. Sources have been guaranteed by the EU Operational Programme Knowledge Education Development 2014-2020 (4.1 Social Innovations). Loans for particular projects are fit for different needs, with a minimum size of 100,000 PLN (approx. 24,000 EUR) with standard rate of 9.5% annually, and for no longer than 36 months.
- > In 2014-2018, the Micro Initiative (*Inicjatywa Micro*) was the second Polish financial intermediary that has signed a Social Entrepreneurship guarantee within the EU Programme for Employment and Social Innovation (EaSI). This agreement allowed the Micro Initiative to provide, by 2018, approximately 200 million PLN for 6,000 Polish enterprises of all types, including social enterprises.
- > The Polish-American Community Assistance Fund (PAFPIO) supports non-profit organisations and other social economy entities, as well as social enterprises in implementing initiatives bringing positive changes to society. PAFPIO offers loans and warranties, as well as financial training and consulting. Its main activity, however, is to provide various types of loans such as: operational loans aimed at maintaining the financial stability of organisations, investment loans aimed at developing unrelated business activity and paid mission-related activities in organisations, and bringing loans for pre-financing activities when particular

project payments are expected. During the period 1999–2019, PAFPIO supported 761 borrowers with a total amount of more 234 million PLN (approximately 58 million EUR) and 2,699 loans were given (as of June 2019). Loans are given on concessional terms with a standard rate of 10% per annum. PAFPIO offers financial support for those associations and foundations which carry out both unpaid and paid mission-related activities.⁴⁴

- > At the beginning of 2014, NESsT—an international non-profit organisation supporting enterprises that solve social problems in emerging markets (Southern Europe and South America)—began operating in Poland. NESsT offers tailored advisory services and management support together with financial support to social enterprises in the early stages of their development. Within the framework of a pilot programme, in 2014, NESsT selected several projects with the greatest potential social impact by way of a competition, and provided comprehensive training to the involved persons over a 6 month period. In the second phase, projects were supported by grants of approximately 15,000 USD to take their ideas forward. In June 2016, NESsT launched its "open window" for applicants from social enterprises who are creating access to jobs for young people and women in Poland. The programme will support selected social enterprises by providing each with 25,000 USD in seed funding, entrepreneurial training and guidance in developing a viable business plan.⁴⁵
- > The Ministry of Family, Labour and Social Policy, which manages the funds for organisations with the status of public benefit. These are, in particular, funds from the Civic Initiatives Fund (*Fundusz Inicjatyw Obywatelskich* – FIO). FIO is a subsidy contest in which eligible entities receive funds for projects' realisation within the scope of public benefit. In 2005–2007 FIO functioned in the form of a governmental programme. In 2009–2013 and 2014–2020 the contest operates within the Operational Programme Civic Initiatives Fund. In 2005–2015 there were 750 projects financed for an overall amount of money exceeding 700 million PLN.⁴⁶ Since January 2016, the Ministry of Family, Labour and Social Policy has managed the Fund for Public Benefit Organisations Support. This Fund operates on the basis of the amendment of the Act of Public Benefit and Volunteer Work from November 2015. The Ministry of Family, Labour and Social Policy played a key role of intermediary institution in the project "Support to financial engineering for the development of social economy" in 2013–2016. It is also an intermediary institution in the project "Implementation of loans and loan agreements instrument within the National Fund for Social Entrepreneurship" in 2016–2023.

(44) <http://pafpio.pl/pozyczki#oferta> (Accessed: 27 September 2019).

(45) <http://www.nesst.org/poland/open-window-for-polish-social-enterprises-officially-launched/>.

(46) www.pozYTEK.gov.pl.

Financial intermediaries are involved in creating instruments addressing mainly social economy organisations, with the support of the EU, among which the Employment and Social Innovation (EaSI) programme and its Microfinance and Social Entrepreneurship axis have started to play the most important role.⁴⁷ Until now, several agreements have been signed between national providers of microfinance instruments for social enterprises and the European Investment Fund (EIF):

- > TISE SA, one of the financial intermediaries described above, signed a guarantee agreement with the European Investment Fund (EIF) in May 2016.⁴⁸ This agreement allows TISE SA to offer loans with the guarantee of EIF to social economy entities including social enterprises. Loans are granted for a minimum 6 months and maximum 7-year period and their maximum value will be 1,400,000 PLN (approx. 333,400 EUR) with an annual interest rate of 7-8%. Guarantees are secured by a social enterprise itself and by EFI. The agreement provides TISE with 8 million EUR.
- > Between 2014 and 2018, on the basis of an agreement with EIF on microloans,⁴⁹ TISE SA offered microloans to social enterprises. Microloans were addressed to companies which employ no more than 10 persons and that have been active for at least 12 months. The maximum value of a loan was 100,000 PLN and it should not be worth less than 30,000 PLN. A loan has to be repaid up to 30 months. A loan must have been guaranteed by real estate or other fixed capital;
- > Between 2014 and 2018, the Micro Initiative (*Inicjatywa Mikro* – IM), on the basis of an agreement with EIF,⁵⁰ provided loans for micro-entrepreneurs up to 600,000 PLN for a maximum of 60 months. Loans were especially addressed to those small companies which have problems with obtaining financial support from other banks.

4.6.3. Market gaps and deficiencies

The financing for social enterprises in Poland is characterised by some deficiencies.

- > Financial instruments addressing social enterprises are provided mainly by a limited number of institutional actors. The most prominent of them is TISE, which currently provides three programmes fostering social enterprises.

(47) [http://europa.eu/youreurope/business/funding-grants/access-to-finance/search/en/financial-intermediaries?shs_term_node_tid_depth=1386&combine=&field_amount_of_finance_range_value_i18n=All&field_sources_of_finance_tid_i18n\[\]=2099&field_sources_of_finance_tid_i18n\[\]=2327](http://europa.eu/youreurope/business/funding-grants/access-to-finance/search/en/financial-intermediaries?shs_term_node_tid_depth=1386&combine=&field_amount_of_finance_range_value_i18n=All&field_sources_of_finance_tid_i18n[]=2099&field_sources_of_finance_tid_i18n[]=2327).

(48) http://www.eif.europa.eu/what_we_do/microfinance/news/2016/easi_tise.htm?lang=-en and <https://tise.pl/tise-wprowadza-nowy-produkt-dla-przedsiębiorstw-społecznych-dzięki-podpisanej-własnie-umowie-z-europejskim-funduszem-inwestycyjnym-w-ramach-programu-easi/>.

(49) <https://tise.pl/offers/mikropozyczka-tise/>.

(50) <http://www.inicjatywamikro.pl/europejski-fundusz-inwestycyjny-efi/>.

- > In the 2007-2013 programming period, particular social enterprises faced difficulties in gaining access to financing, due to the fact that they did not meet the application criteria set in the pilot projects. For instance, many ZAZs were excluded from some forms of financing because of their size (the support was provided for those who employed no greater than 50 persons, while according to the Polish regulations, ZAZs are obliged to employ at least 25 employees. For this reason, the great majority of them operate as enterprises much larger than the entities entitled to take part in the projects). Another kind of a barrier was the necessity of providing guarantees for taking loans or the time limit put on social enterprises activities.
- > There are also specific sources of financing for each type of social enterprise in Poland. ZAZs are supported by PFRON, and there are particular programmes that address non-profit organisations. Therefore, some social enterprises are more interested in finding financing addressed according to their legal status than finding it according to their identity as social enterprises.
- > The domination of instruments financed by the EU. Most of the financial assistance for social enterprises in Poland is—to varying degrees—supported by different European funds. The EU stands behind the development of financial instruments which address social enterprises and social economy entities.

Box 1. Project "Support to financial engineering for the development of social economy" ES Fundusz (Social Economy Fund) (2013-2015 with update for 2015-2016)

In 2013 the pilot project "Support for financial engineering for the development of social economy" of a Social Economy Fund commenced with the objective to provide concessional loans for the development of the social economy for both the development of existing operations as well as new lines of products and services.

The National Economy Bank (*Bank Gospodarstwa Krajowego* – BGK) selected Social and Economic Investment Company TISE SA, a private investment fund, to manage the five loan funds (one in each macro-region). Eligible beneficiaries (referred to as social economy entities) had to meet the following criteria:

- > have an appropriate legal form which encompassed social enterprises in the types of social cooperatives, faith-based charities, non-profit companies and ENPOs (only those who carried out unrelated business activity);

- > be of an appropriate size in terms of number of employees and turnover or balanced sheet total; only micro and small entities with fewer than 50 employees and turnover not exceeding 10 million EUR were eligible;
- > have at least some business activity history; they must have registered business activity which must have been carried out for at least 12 months at the date of loan application.

Maximum size of a loan was fairly small—100,000 PLN (approx. 25,000 EUR) for a maximum period of 60 months (with a possibility of 6 months' grace period). Successful applicants were additionally offered free-of-charge advisory services throughout the duration of their projects.

Between 2013 and May 2015, 253 loans for social enterprises, mostly social cooperatives, associations and foundations conducting economic activity, were granted within the first turnover of funds (25.2 million PLN). In December 2015 the Ministry of Family, Labour and Social Policy designated an additional amount of 3 million PLN to be provided to social enterprises until the end of 2016. The second turnover started in June 2014 and gave TISE an additional 10.7 million PLN. For this turnover, the maximum loan amount is 100,000 PLN, with standard rate of 0.88%. These loans are provided for a maximum period of five years.

Due to the additional funds assigned by BGK in 2015-2016, the total budget of ES Fund accounts is around 37 million PLN (instead of the 25 million PLN planned); a total number of 400 loans have been already given. The last payments for social economy entities and social enterprises within the framework of the project "Support to financial engineering for the development of social economy" were given until December 2016. Afterwards, financial support is provided within the project "Implementation of loans and loan agreements instrument within the National Fund for Social Entrepreneurship".

Source: own elaboration.

Box 2. Project "Implementation of loans and loan agreements instrument within the National Fund for Social Entrepreneurship" (2016-2023)

The aim of the "Implementation of loans and loan agreements instrument within the National Fund for Social Entrepreneurship" project is to increase the number of social economy entities that are allowed to use loans and loan agreements. The project is administered by the Ministry of Family, Labour and Social Policy.

The National Fund for Social Entrepreneurship, which started its operations in April 2017, is mostly financed with ESF funds. It is located in the National Economy Bank (BGK).

Entities allowed to use financial support are understood as social cooperatives, non-profit organisations, reintegration entities such as professional activity establishments (ZAZs), occupational therapy workshops (WTZs), social integration clubs (KIS), social integration centres (CISs), cooperatives of blind and disabled persons, work cooperatives and non-profit companies.

There are two types of loans for social economy entities provided: a) loans to begin activity for those entities that have been operating for no longer than 1 year; the maximum amount of a loan is 100,000 PLN for a maximum of 5 years; b) loans for the development of entities that have been operating for longer than 1 year; the maximum amount of a loan is 500,000 PLN for a maximum of 7 years. The total amount designated to financial instruments for entities is 158.9 million PLN (of which 154.5 million PLN is for loans and 4.4 million PLN for loan agreements).

The project started in the first half of 2016 and it will finish on 31 December 2023.

This project (no POWR.02.09.0004/16) is realised from the European Social Fund within the frameworks of Operational Programme Knowledge Education Development 2014-2020 (2.9 Social economy development).

Financial instruments are provided in five macro-regions, which encompass: macro-region 1 for Kujawsko-Pomorskie, Łódzkie and Mazowieckie regions; macro-region 2 for Lubelskie, Podkarpackie and Podlaskie regions; macro-region 3 for Dolnośląskie, Lubuskie, Wielkopolskie and Opolskie regions; macro-region 4 for Zachodniopomorskie, Pomorskie and Warmińsko-Mazurskie regions; and macro-region 5 for Śląskie, Świętokrzyskie and Małopolskie regions. Sources in each macro-region are managed by two financial intermediaries chosen by BGK in 2016, which is Social and Economic Investment Company and Walbrzyski Region Fund (*Fundusz Regionu Wałbrzyskiego*). Financial support provided in the project "Implementation of loans and loan agreements

instrument within the National Fund for Social Entrepreneurship" is expected to support the creation of 1,200 jobs.⁵¹

By 31 October 2018, 700 social and solidarity economy entities received funds for a total amount of 90 million PLN (approximately 21.5 million EUR). Among beneficiaries the most frequent are associations and foundations (more than 50% of all beneficiaries), and social cooperatives (33% of beneficiaries). Other legal types apply for funds less frequently.

Source: own elaboration.

(51) <https://www.mpips.gov.pl/aktualnosci-wszystkie/organizacje-pozarzadowe/art,7871,pozyczki-dla-podmiotow-ekonomii-spolecznej.html>.


5

PERSPECTIVES

The report's final section highlights three main issues facing Polish social enterprises: 1) conceptual confusion in defining social enterprise; 2) ambiguities in understanding the roles played by social enterprises; and 3) a lack of consensus on the need to create specific legal frameworks designed for social enterprises. They are interwoven with a number of barriers encountered by Polish social enterprises, including: reluctance to undertake and carry out economic activities among non-profit organisations; limited demand for goods and services provided by social enterprises from public authorities, market enterprises and individual recipients; poor managerial skills among social enterprise managers; poor economic condition of social enterprises; poor intermediary structures and networks representing social enterprises; and the negative public perception of social enterprises.

Several opportunities are of benefit to social enterprises, including: a strong voluntary tradition; European funds that have consistently supported Polish social enterprises; vibrant debate about social enterprises at the national level; the potential of research institutions collecting data on social enterprises; and the introduction of a favourable law on public procurement.

The most important challenge currently facing Polish social enterprises concerns the strong tendency to conflate these entities with work integration social enterprises.



5.1. Overview of the social enterprise debate at the national level

Both conceptual and legal confusion have dominated the debate on social enterprises at the national level in Poland.

Conceptual confusion is linked to the fact that the social enterprise concept is relatively new in Poland. It has been explicitly used by academics, government officials, professionals and the third sector representatives in the first projects within the EQUAL Community Initiative. As a result, social enterprises have existed for approximately 15 years in theoretical considerations and in the socio-economic landscape in Poland. Over the years, the influence of the leading approaches on social enterprise, such as, in particular the EMES approach or the perspective on social innovation represented by the Polish unit of Ashoka, have been utilised in Poland. However, they have neither resulted in building a universal definition, nor have they resolved the problem of how to define economic activity carried out by a social enterprise.

There is considerable discussion focussing on the issue of what constitutes a social enterprise, and how it should be defined. Some voices argue that social enterprise should exist as a label meant for various legal types that would meet particular criteria. This opinion has been followed by both the versions of National Programme for Social Economy Development (KPRES 2014-2018 and 2019-2023), as well as by the draft acts that have not been enacted (the draft Act on Social Enterprises and Supporting Social Economy, and the draft Act on Social and Solidarity Economy). According to other stakeholders, social enterprise should exist as an autonomous legal form, but this option is currently less popular compared to a few years ago.

There are two paths of investigation concerning the linked issue of what kind of economic activity is being conducted, and the economic risk faced by social enterprises in Poland. The first focusses on the statement that an organisation can be regarded as a social enterprise only when its income comes from the market. This means that social enterprises, in the first place, are expected to raise money from selling their products and services, while other income, in particular public funds, should not be used or, at best, should play only a marginal role in the budget of social enterprises. In this approach, taking an economic risk is attributed only to carrying out business activity. Other criteria from an entrepreneurial dimension, such as for instance relying on paid workers or contributing to delivering new products or services, seem to be underestimated. Despite this limitation, the "business-activity approach" was adopted on a wide scale in Poland, and can be regarded as a dominating approach until 2018. It found its place in policy schemes for social enterprises, such as in the first KPRES, which was in force until the end of 2018, and the draft Act on Social Enterprises (not yet enacted). Moreover, between 2014 and 2018, carrying out business activity was a

basic criterion when qualifying to have been given financial support in the form of loans or loan guarantees in the programming period 2007-2013, which was provided in the project "Support to financial engineering for the development of social economy".

There were many voices raised in opposition to the way in which economic activity had been defined in the KPRES 2014-2018, and had been utilised in the financial support system in 2007-2013. They claimed that carrying out business activity being the only criterion that enables an organisation to qualify as a social enterprise and hence gain the right to use public funds for social enterprises was too narrow and arbitrary. Such a narrow approach excluded some organisations, including NPOs which did not conduct unrelated business activity, from public funds. As a result, no more than 6,992 (8%) of Polish associations and foundations (those declaring conducting unrelated business activity in 2014) were eligible to use public funds provided to social enterprises. If economic activity had been defined also by the form of paid mission-related activity, another 18,354 (21%) of associations and foundations would have been entitled to use public funds for social enterprises between 2014 and 2018.

However, this narrow understanding of what is a social enterprise has not been implemented after 2018. It seems that understanding economic activity as an only criterion qualifying various types of organisations to use loans and loan guarantees dedicated for social enterprises has not been extended in the current financial support system for the period 2019-2023. In this time, a wider group of entities has been allowed to use public financial support. Entities allowed to use financial support are social cooperatives, all non-governmental organisations (instead of only those that carry out unrelated business activity), reintegration entities such as ZAZs, WTZs, KISs, CISs, cooperatives of blind and disabled persons, worker cooperatives and non-profit companies. A wider approach, which puts an equal focus on both economic (i.e., unrelated business activity and paid-mission related activity) and social dimensions, is visible in current legal and policy frameworks, including in particular KPRES 2019-2023, and the draft Act on Social and Solidarity Economy (that is expected to be enacted in the future).

Conceptual confusion is also linked to the ambiguity in defining social enterprises' fields of activity. Social enterprises, as stated earlier, emerged in the Polish debate due to the first projects within the EQUAL Community Initiative, aimed at the social and professional reintegration of people at risk of exclusion and the socially excluded. As a result, over the years, the tendency to conflate social enterprises with work integration social enterprises has even strengthened, which is visible in the roles assigned to social enterprises in both KPRES Programmes. Different types of activities undertaken by social enterprises, including for instance local development or general interest service provision, have not been properly recognised in Poland.

Legal confusion shall be described as differences in perceiving the need to develop a regulatory framework designed exclusively for social enterprises. Some stakeholders argue that the existing regulatory frameworks designed for various legal types are efficient and that they should not be replaced by any exclusive act on social enterprises. Others claim that existing sectorial regulations have not been improved for many years. As a result, they do not correspond to current needs and deficiencies faced by various types of organisations that could form social enterprises. Moreover, this fragmentation of legal schemes hinders the building of a common identity of the sector of social enterprises. As a result, Polish organisations that form social enterprises do not recognise themselves as a united sector. They are embedded in their place of origin, as is, for instance, the non-profit sector. For them, social enterprise is more of a "stylish" label than a marker of their real identity.

5.2. Constraining factors and opportunities

Recent years have witnessed an increase of interest in social enterprises in Poland. They have significantly improved their position, which can be attributed to social enterprises' gradual recognition by citizens, academics, the third sector and public administration representatives. Despite the lack of a common legal definition, social enterprises have continued to develop, also with EU funds' support. Nevertheless, they face several barriers that significantly hinder their development. On the opposite side, there are enabling factors that support the establishment and development of Polish social enterprises. Both barriers and opportunities are discussed below.

5.2.1. Constraining factors

- > Conceptual confusion in defining social enterprises as mentioned above.
- > A gap in public support measures in the 2007-2013 programming period, which—under some circumstances—has been retained in the period 2014-2020:
 - A relatively strong support for newly created entities (social cooperatives in particular) contrasted with limited options for continued support. As a result, some social enterprises supported by public funds face weak sustainability.
 - A relatively strong support for support organisations such as OWES contrasted with relatively minor support redistributed directly to social enterprises.
- > Strong isomorphic dynamics, which are a result of the expansion of public funding, including EU funds. Various legal types operate only in those fields that have been currently supported by public funds. As a result, social enterprises follow procedures and concentrate on meeting criteria of EU fund projects managed by

public institutions rather than trying to gain financial resources from economic activity. Consequently, during these projects social enterprises resemble public institutions and sometimes operate as quasi-public agencies, realising public tasks, rather than autonomous organisations. This is, in particular, the case for social enterprises providing professional and social reintegration services for vulnerable groups.

- > Reluctance to undertake and carry out economic activities among particular legal types that could form social enterprises. This barrier is clearly visible in the case of associations and foundations which avoid facing economic risk. This is attributed to many reasons, of which the most important are as follows:
 - Anxiety of blurring their boundaries which can result in comparisons with market enterprises;
 - Meeting social expectations, according to which foundations and associations should deliver services free of charge. This opinion was shared by 63% of adult Poles in 2015 (Klon/Jawor Association 2015). A tendency to avoid carrying out any economic activities is, in particular, strong among non-profit organisations providing welfare services, such as for instance education, healthcare or social assistance. Furthermore, these services, if provided by non-profit organisations, are financed by local governments. Consequently, associations and foundations are far more concerned with maintaining proper relations with local authorities than with engaging in economic activities (Ciepielewska-Kowalik 2015);
 - Poor managerial skills concerning the execution of economic activities on the part of managers of non-profit organisations;
 - Relatively easy access to public funds, including EU funds, that may weaken the entrepreneurial spirit of non-profit organisations. Graff (2010) has even coined a special term "grant-affected" to refer to the domination of public sources in the overall budget of associations and foundations, which is particularly present in organisations that operate in the field of work integration/labour market and provide pro-employment services.
- > Limited demand for goods and services provided by social enterprises from public authorities at all administrative levels, which is a result of:
 - The prevalence of public procurement based on price-only selection criteria; Commitment to the neo-liberal ideology that favours market enterprises;
 - The communist legacy, which resulted in a strong belief that public authorities should take care of the responsibilities for delivering public services, in particular welfare services.
- > The domination of a "grant-based culture without entrepreneurial spirit" in supporting social enterprises (Rymysza 2016). This means that over the years, due

to the implementation of EU priorities aimed at the reintegration of vulnerable groups, Poland has promoted in the first place social enterprises in the type of WISE, in particular social cooperatives. They benefit from various incentives and are provided by refundable financial instruments. As a result, they have experienced a dynamic growth. Nevertheless, at the same time social cooperatives face a particular paradox. This can be explained by the fact that social enterprises are obliged to spend provided public funds, in a more or less rational way, but they are not allowed to accumulate this capital, which could be invested in social enterprise development. This, in turn, does not create opportunities to learn and practise entrepreneurship (ibidem).

- > Limited demand for goods and services provided by social enterprises from market enterprises and individual recipients. This barrier is a result of:
 - A limited knowledge about social enterprises and their competitive advantages;
 - A negative opinion about goods and services delivered by social enterprises due to the fact that they engage persons from vulnerable groups ("goods and services of low quality").
- > Poor managerial skills among managers of social enterprises and those types of organisations that could form social enterprises.
- > Poor economic condition of social enterprises which is a result of:
 - A relatively short-term period of Polish social enterprises' existence in the socio-economic landscape.
 - Insufficient and inadequate availability of commercial financial infrastructures, such as traditional banks, which are not interested in supporting entities other than market enterprises.
 - Limited knowledge and misunderstanding among public administration representatives about the real economic condition of social enterprises and their roles in the socio-economic order. Social enterprises, in the first place, are expected to play a supplementary or complementary roles towards the public sector. Consequently, their real potential as providers of general interest services and goods has not yet been recognised. Such narrow recognition explains the limitations in commissioning public tasks to social enterprises. In many cases, financial support provided by public authorities to social enterprises does not correspond to the real range of commissioned tasks.
- > Poor efficiency in redistribution of returnable financial instruments provided for social enterprises:
 - Returnable financing resulted in building a project-based support infrastructure for social enterprises, which lacks sustainable and comprehensive financial

support regardless of currently available project sources.

- > Poor intermediary structures and networks representing or gathering social enterprises.
- > Negative reputation which can be explained by:
 - The fact that social enterprises are established by and work with persons from vulnerable groups. Therefore, they are perceived as reintegration entities rather than products and services providers. Fortunately, after the emergence, a decade ago, of the first social enterprises, this barrier is losing its significance in hindering the development of social enterprises.
 - The communist legacy, which distorted the perception of cooperatives in society. As a result, social cooperatives have faced some misunderstandings over their place in the socio-economic landscape.

5.2.2. Opportunities

- > Strong voluntary tradition which dates back to the 19th century.
- > European funds that should be regarded as the most important instrument fostering the development of social enterprises in Poland.
- > Building an enabling legal environment which is, in particular, linked to:
 - Legal recognition of social enterprises in the National Programme for Social Economy Development (2014 and 2019);
 - Fiscal frameworks.
- > Ongoing debate about social enterprises at the national level that may prevent conceptual confusion in defining social enterprises. Its early stage does not allow the formulation of further conclusions; however, borders defining social enterprises have a chance to be extended towards the inclusion of non-profit organisations that express market behaviour in the form of carrying out paid mission-related activities.
- > Enhancing the potential of research institutions collecting data on social enterprises, mainly the Central Statistical Office of Poland.
- > The introduction of social public procurements in relation to the new EU regulations on public procurement.

5.3. Trends and future challenges

If we look at Polish social enterprises as a "constellation" of separate legal entities, as has been done in this report, it is obvious that social enterprises are on the rise. The number of all social enterprise types described in this report, i.e., social cooperatives, ENPOs, ZAZs, and non-profit companies has been increasing during recent years. Also the number of people employed has been increasing. Social enterprises are still a narrow part of the Polish economy but their significance has been steadily increasing.

It is also important to note that the significance of each type of social enterprise has been increasing within their own sectors. Social cooperatives are now a vibrant part of a cooperative movement. Entrepreneurial non-profits are invigorating the non-profit sector. At the same time, ZAZs play an important role in the social and vocational (re) integration of people with disabilities.

As discussed in this report, for each type of social enterprise, apart from non-profit companies, a quite effective structure of support has been created. Social cooperatives, ENPOs and ZAZs are supported by a comprehensive system of actors, they enjoy tax exemptions and have a real chance to enhance their position in public procurements in the near future.

All these issues indicate that the future outlook for major types of social enterprise is positive. There are no indications that they might decrease in numbers or might lose their importance. However, social enterprises also experience some challenges, which are attributed mainly to the public perception of social enterprises.

Firstly, there is no agreement in Poland on what constitutes a social enterprise. There only seems to be a consensus regarding this for social cooperatives. These latter are rightly treated as an embodiment of the idea of social enterprise. They are also used as a point of reference during discussions on social enterprises in Poland. However, if we look beyond social cooperatives, the idea of social enterprise becomes much more blurry and unfocused.

Secondly, the documents that should define the discussion on social enterprises in Poland—the National Programmes for Social Economy Development (KPRES 2014-2018 and 2019-2023) as well as the draft Act on Social Enterprise and the draft act on Social and Solidarity Economy—have raised many questions. It is not clear to what extent they still guide actions undertaken by the government and other public institutions. Although the government adopted the first KPRES in 2014, it is not clear how it has been influencing the institutionalisation of the social enterprise concept in Poland since that time. As a consequence, there are a very limited number of support schemes that are addressed nominally and directly at social enterprises. All types

of social enterprises are supported by their own particular schemes, understood as regulations for particular legal types.

Another challenge in understanding the concept of social enterprise is its "commercialisation". Policymakers and stakeholders, in their majority, perceive social enterprises as a way of securing the independence of the third sector from the state. The third sector, for them, is over-dependent on the government and local municipalities. Economic activity is therefore considered in this perspective as a way of finding financing for the third sector independent from state institutions. As a consequence, social enterprises are often counted as only these organisations which receive income from sources other than public funds. Social enterprises should, in line with this thinking, perform purely market activities. However, such an approach has lost significance in Polish policy and social enterprise conceptualisation over the last years.

Another kind of challenge lying ahead of social enterprises in Poland is that they are mainly associated with social and vocational integration of disadvantaged groups. Social cooperatives, professional activity establishments (ZAZs) and, to some extent, entrepreneurial non-profits are mainly considered as instruments which assist people in their return to the labour market and in rebuilding their ties to society. Economic activities carried out by social enterprises are seen mainly as a way of improving the professional skills of employees of these enterprises. Social enterprises are rarely considered to be significant producers of public services. This is the reason why the discussions of social enterprises in Poland are mostly associated with social integration policies and are not transferred into discussions in different public policy fields. However, the significance of social enterprise as important service providers, beside the work integration of disadvantaged people, has gained much of impetus over last few years, and found its place in the national policy, i.e., in the KPRES 2019-2023.

To summarise, social enterprises in Poland, which exist as particular legal types, are in the process of steady development. The connections between different types of social enterprises can be viewed from an analytical and academic point of view. Nevertheless, these connections are not present in everyday practice. Any unambiguous understanding of social enterprise is still to be developed. However, what is common to the public perception and legal recognition of social enterprises is a strong tendency to conflate these entities with Work Integration Social Enterprises (WISEs).

6

APPENDICES

Appendix 1. The EU operational definition of social enterprise

The following table represents an attempt to operationalise the definition of "social enterprises" based on the Social Business Initiative (SBI) promoted by the European Commission.⁵²

Main dimension	General definition	Relevant Indicators (<i>not exhaustive list</i>) (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Entrepreneurial/ economic dimension	Social enterprises (SEs) are engaged in the carrying out of stable and continuous economic activities, and hence show the typical characteristics that are shared by all enterprises .	<ul style="list-style-type: none"> > Whether the organisation is or is not incorporated (it is included in specific registers). > Whether the organisation is or is not autonomous (it is or is not controlled by public authorities or other for-profit/non-profits) and the degree of such autonomy (total or partial). > Whether members/owners contribute with risk capital (how much) and whether the enterprise relies on paid workers. > Whether there is an established procedure in case of SE bankruptcy. > Incidence of income generated by private demand, public contracting and grants (incidence over total sources of income). > Whether and to what extent SEs contribute to delivering new products and/or services that are not delivered by any other provider. > Whether and to what extent SEs contribute to developing new processes for producing or delivering products and/or services. 	SEs must be market-oriented (incidence of trading should be ideally above 25%).	<ul style="list-style-type: none"> > We suggest that attention is paid to the development dynamic of SEs (i.e., SEs at an embryonic stage of development may rely only on volunteers and mainly on grants).

(52) In accordance with Articles 48, 81 and 82 of the Treaty, as interpreted by the Court of Justice of the European Communities, "an enterprise should be considered to be any entity, regardless of its legal form, engaged in economic activities, including in particular entities engaged in a craft activity and other activities on an individual or family basis, partnerships or associations regularly engaged in economic activities."

Main dimension	General definition	Relevant Indicators (<i>not exhaustive list</i>) (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Social dimension (social aim)	<p>The social dimension is defined by the aim and/or products delivered.</p> <p>Aim: SEs pursue the explicit social aim of serving the community or a specific group of people that shares a specific need. "Social" shall be intended in a broad sense so as to include the provision of cultural, health, educational and environmental services. By promoting the general-interest, SEs overcome the traditional owner-orientation that typically distinguishes traditional cooperatives.</p> <p>Product: when not specifically aimed at facilitating social and work integration of disadvantaged people, SEs must deliver goods/services that have a social connotation.</p>	<ul style="list-style-type: none"> > Whether the explicit social aim is defined at statutory/legal level or voluntarily by the SE's members. > Whether the product/activity carried out by the SE is aimed at promoting the substantial recognition of rights enshrined in the national legislation/ constitutions. > Whether SE's action has induced changes in legislation. > Whether the product delivered—while not contributing to fulfilling fundamental rights—contributes to improving societal wellbeing. 	<p>Primacy of social aim must be clearly established by national legislations, by the statutes of SEs or other relevant documents.</p>	<ul style="list-style-type: none"> > The goods/services to be supplied may include social and community services, services for the poor, environmental services up to public utilities depending on the specific needs emerging at the local level. > In EU-15 countries (especially in Italy, France and the UK) SEs have been traditionally engaged in the provision of welfare services; in new Member States, SEs have proved to play a key role in the provision of a much wider set of general-interest services (e.g., from educational services to the supply of water). > What is conceived to be of a meritorial/general-interest nature depends on contextual specificities. Each national expert should provide a definition of what "public benefit" means in her/his country.

Main dimension	General definition	Relevant Indicators (<i>not exhaustive list</i>) (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Inclusive governance-ownership dimension (social means)	<p>To identify needs and involve the stakeholders concerned in designing adequate solutions, SEs require specific ownership structures and governance models that are meant to enhance to various extents the participation of stakeholders affected by the enterprise. SEs explicitly limit the distribution of profits and have an asset lock. The non-profit distribution constraint is meant to ensure that the general-interest is safeguarded. The non-profit distribution constraint can be operationalized in different ways.</p>	<ul style="list-style-type: none"> > Whether SEs are open to the participation and/or involvement of new stakeholders. > Whether SEs are required by law or do adopt (in practice) decision-making processes that allow for a well-balanced representation of the various interests at play (if yes, through formal membership or informal channels that give voice to users and workers in special committees). > Whether a multi-stakeholder ownership structure is imposed by law (e.g., France). > Whether SEs are required to adopt social accounting procedures by law or they do it in practice without being obliged to. > Degree of social embeddedness (awareness of the local population of the key societal role played by the SE versus isolation of the SE). > Whether the non-profit distribution constraint is applied to owners or to stakeholders other than owners (workers and users): whether it is short-term (profits cannot/are not distributed or they are capped) or long-term (asset lock); or both short and long-term. > Whether the cap is regulated externally (by law or defined by a regulator) or it is defined by the SE by-laws. > Whether limitations to workers' and/or managers' remunerations are also imposed (avoid indirect distribution of profits). 	<p>SEs must ensure that the interests of relevant stakeholders are duly represented in the decision-making processes implemented.</p>	<ul style="list-style-type: none"> > Ownership rights and control power can be assigned to one single category of stakeholders (users, workers or donors) or to more than one category at a time—hence giving ground to a multi-stakeholder ownership asset. > SE can be the result of collective dynamics or be created by a charismatic leader (in principle a sole owner is admitted by some national legislations provided that the participation of stakeholders is enhanced through inclusive governance) or public agency. > Different combinations concerning limitations to profit distribution envisaged (e.g., most successful solution: capped dividends supported by total asset lock such as Italian social coops, CIC, SCICs).

Appendix 2. Reference list

- > Barański, T., *Dopuszczalność i niektóre aspekty prawne funkcjonowania spółek kapitałowych typu non-profit jako organizacji pozarządowych oraz organizacji pożytku publicznego. Ekspertyza prawna*, IPS UW, Warsaw, 2011, manuscript.
- > Central Statistical Office of Poland, *Centra integracji społecznej, zakłady aktywności zawodowej i warsztaty terapii zajęciowej w 2014 r. Notatka informacyjna*, Central Statistical Office of Poland, Warsaw, 2015.
- > Central Statistical Office of Poland, *Aktywność ekonomiczna ludności Polski IV kwartał 2014 (Labour force survey in Poland IV quarter 2014)*, CSO, Warsaw, 2015a.
- > Ciepielewska-Kowalik, A., *Public Policy on Social Enterprises in Poland: The Impact of Tradition and Transition*, *Studia Polityczne* No 2(38), ISP PAN, Warsaw, 2015, pp. 75-97.
- > Ciepielewska-Kowalik, A., Pieliński, B., Starnawska, M., Szymańska A., 'Social Enterprise in Poland: Institutional and Historical Context', *ICSEM Working Paper*, No 11, 2015.
- > European Commission, *A map of social enterprises and their eco-systems in Europe. Executive Summary*. Directorate-Generale for Employment, Social Affairs and Inclusion – Report submitted by ICF Consulting Services, 2014.
- > GUS, *Spółdzielnie socjalne w 2016 r. Informacja sygnałna*, Warszawa, 2018.
- > GUS, *Sektor non-profit w 2016 roku. Stowarzyszenia, fundacje, społeczne podmioty wyznaniowe, samorząd gospodarczy i zawodowy*, Warszawa/ Kraków, 2018a.
- > GUS, *Centra integracji społecznej, kluby integracji społecznej, zakłady aktywności zawodowej i warsztaty terapii zajęciowej w 2018 r.* Informacja sygnałna, Warszawa, 2018b.
- > Graff, A., "Urzędasy bez serc, bez ducha", *Gazeta Wyborcza*, January 18, 2010.
- > Izdebski, A., Mering, T., Ołdak, M., Szarfenberg, R., *Monitoring spółdzielni socjalnych 2014. Raport z badań*, OZRSS, Warszawa, 2015.
- > Klon/Jawor Association, *Podstawowe informacje o organizacjach pozarządowych*, Klon/Jawor Association, Warsaw, 2015.
- > KPRES, *Uchwała nr 11 Rady Ministrów z dn. 31 stycznia 2019 r. zmieniająca uchwałę w sprawie przyjęcia programu pod nazwą Krajowy Program Rozwoju Ekonomii Społecznej*. *Monitor Polski Dziennik Urzędowy Rzeczypospolitej Polskiej*, Warszawa, 27 February 2019.

- > Leś, E., "Co-operatives in Poland: from state-controlled institutions to new trends in co-operative development" in: C. Borzaga, R. Spear (eds.), *Trends and challenges for Co-operatives and Social Enterprises in developed and transition countries*, Edizioni 31, Trento, 2004.
- > Leś, E., Piekara A., *Wybrane formy podmiotowości społecznej a rozwój*, Warsaw's University, Warsaw, 1988.
- > Mansfeldová, Z., Nałęcz, S., Piller, E., Zimmer, A., "Civil Society in Transition. Civic Engagement and Nonprofit Organisations in Central and Eastern Europe after 1989" in: A. Zimmer, E. Piller (ed.), *Future of Civil Society. Making Central European Nonprofit Organisations Work*, Wiesbaden, 2004.
- > Ministry of Labour and Social Policy, *Sprawozdanie z funkcjonowania ustawy o działalności pożytku publicznego i o wolontariacie za lata 2010 i 2011*, MpiPS, Warsaw, 2012.
- > Ministry of Labour and Social Policy, *Sprawozdanie z funkcjonowania ustawy o działalności pożytku publicznego i o wolontariacie za lata 2012 i 2013*, MpiPS, Warsaw, 2014.
- > Ministry of Finance, *Tax Expenditures. Appendix B*, MF, Warsaw, 2015.
- > Ministry of Finance, *Tax Expenditures. Appendix B*, MF, Warsaw, 2014.
- > Ministry of Finance, *Tax Expenditures. Appendix B*, MF, Warsaw, 2013.
- > Ministry of Finance, *Tax Expenditures. Appendix B*, MF, Warsaw, 2011.
- > Ministry of Finance, *Tax Expenditures. Appendix B*, MF, Warsaw, 2010.
- > MPiPS, *Informacja o funkcjonowaniu spółdzielni socjalnych działających na podstawie Ustawy z dn. 27 kwietnia 2006 r. o spółdzielniach socjalnych za okres 2012-2013*, MpiPS, Warszawa, 2015.
- > MriF, *Wytyczne w zakresie realizacji przedsięwzięć w obszarze włączenia społecznego i zwalczania ubóstwa z wykorzystaniem środków Europejskiego Funduszu Społecznego i Europejskiego Funduszu Regionalnego na lata 2014-2020*, Ministerstwo Rozwoju i Finansów, Warszawa, 2018.
- > MRPiPS, *Wstępny projekt założeń do ekonomii społecznej i solidarnej*, Ministerstwo Rodziny, Pracy i Polityki Społecznej, Warszawa, 2017.
- > Piechowski, A., *Wartości i zasady spółdzielcze a społeczeństwo obywatelskie i gospodarka społeczna*, *Ekonomia społeczna* no. 1, pp. 34-48. Available file: ///C:/Users/user/Downloads/Ekonomia_Spoleczna_Nr%206%20-%203.pdf (Downloaded 07 July 2016), 2013.
- > PFRON, *Zakłady aktywności zawodowej w 2013 r. Informacja z badania*, PFRON, Warszawa, 2014.

- > RM (2019) Krajowy Program Reform Europa 2020. Aktualizacja 2019/2020. Przyjęty przez Radę Ministrów 24 kwietnia 2019 roku, available at <https://www.gov.pl/attachment/d93867c7-d897-4b62-aba1-e00d1364b8f8> (Accessed 27 September 2019).
- > Rymśa, M., *Rola przedsiębiorstw społecznych, spółdzielni, organizacji spółdzielczych i sektora spółdzielczego w systemie społeczno-gospodarczym Polski oraz kierunków polityki państwa. Wywiad z Markiem Rymśą, Społeczeństwo obywatelskie. Badania. Praktyka. Polityka*, IPS UW, Warszawa, 2016, pp. 81-91.
- > School of Leaders, *Sprawozdanie finansowe* [Financial report], <http://www.szkoła-liderow.pl/wp-content/uploads/2016/06/Sprawozdanie-finansowe-za-2015.pdf>, 2016a.
- > School of Leaders, *Raport z działalności Fundacji Szkoła Liderów w 2015* [Report on activities of the Foundation School of Leaders in 2015], <http://www.szkoła-liderow.pl/wp-content/uploads/2016/06/Sprawozdanie-merytoryczne-2015-internet.pdf>, 2016b.
- > SnrPiOŚ, *Roczne sprawozdanie merytoryczne z działalności organizacji pożytku publicznego za rok 2015*, MPiPS Warszawa [<http://sprawozdaniaopp.mpips.gov.pl/Search/Print/10306?reporttypeld=13> downloaded 17.07.2016], 2016.
- > Węsierska-Chyc, L., Sadowska, B., "Model Barka jako przykład innowacji społecznej" (*The Barka Model as an example of social innovation*), *Empowerment*, Vol. 1, No 4, 2014.
- > Wolański, R., "Zakres wykorzystania preferencji podatkowych w podatku dochodowym przez małe i średnie przedsiębiorstwa", *Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu*, no. 271, 2012, pp. 467-474.
- > Wnuk-Lipiński, E., *Socjologia życia publicznego*, Scholar, Warsaw, 2008.

Legal sources

- > Act of 7 April 1989 Law on Associations
- > Act of 6 April 1984 on Foundations
- > Act of 2 July 2004 on Freedom of Economic Activity
- > Act of 24 April 2003 on Public Benefit and Volunteer Work
- > Act of 15 September 2000 Code of Commercial Companies
- > Act of 13 June 2003 on Social Employment
- > Act of 16 September 1982 Cooperative Law
- > Act of 12 March 2004 on Social Assistance
- > Act of 27 April 2006 on Social Cooperatives
- > Act of 27 August 1997 on Vocational and Social Rehabilitation and Employment of Disabled Persons
- > Act of 20 April 2004 on Promotion of Employment and Labour Market Institutions
- > Act of 4 February 2011 on Care of Children aged under 3 years' old
- > Act of 29 June 1995 on Public Statistics
- > Act of 29 January 2004 Public Procurement Law
- > 1992 Law on Income Tax from Legal Persons
- > 1991 Law on Income Tax from Natural Persons
- > KPRES, *The National Programme for Social Economy Development, Resolution of the Council of Ministers no. 164 accepted on 12 August 2014*, Monitor Polski from 24 September 2014, item 811. Available file: [///C:/Users/user/Downloads/M20140811%20\(2\).pdf](///C:/Users/user/Downloads/M20140811%20(2).pdf) (downloaded 01.07.2016), 2014.

Endnotes

1 These are legal types of associations and foundations that carry out economic activity.

2 The report on foundations, associations and faith-based charities.

Data in percentual values do not add up to 100 because respondents were allowed to indicate more than one answer.

Getting in touch with the EU

In person

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

On the phone or by e-mail

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

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

Finding information about the EU

Online

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

EU Publications

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

EU law and related documents

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

Open data from the EU

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



