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*“Innovative Social
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WP3

National report: Italy

Part I: Key Features of the Social Enterprise Sector - Reporting template -

Please, give a description/ overview (approx. 12-15 pages) of the social enterprise sector in your country, addressing a number of aspects as indicated in the reporting template.

1. General information (2 pages)

The official definition of social enterprises (if there is any) or the definition of terms related to the concept of social enterprises¹.

Before defining social enterprises, we should consider the definition of **Social Economy** in the Italian context: social economy includes socio-economic initiatives that are not included in the sphere of public sector, neither they do in the traditional sector of private economy as it is known by its 'for profit' character. So, with the term Social Economy we mean all these kinds of economic activity that focus on the values of solidarity, collaboration, collective effort and aims at the enforcement of social cohesion.

It is an important source of entrepreneurship and jobs in areas where traditional "investor driven" enterprise structures may not always be viable, because of low profit rates and high labour intensity.

With the **155/2006** Law a definition of **social enterprise** has been introduced to the Italian legal system. Although it is the result of a long academic and political debate, and will no doubt be subject to subsequent interpretation, we finally have an official definition that anyone who wishes to analyze social enterprises has (at least) to consider. The first general aspect that has to be highlighted is that **social enterprise is** neither a new legal form, nor a new type of organization, but a **legal category** in which all eligible organizations may be included, regardless of their internal structure. Therefore, the eligible organizations could in theory be co-operatives (i.e. employee-, producer-, or customer owned firms), investor-owned firms (i.e. business corporations), or traditional non-profit firms (i.e. associations and foundations). In this regard, Italian law is a general law on social enterprises and not a particular law on a specific (or unique) form of social enterprise.

Therefore, the term "social enterprise" is like a legal "brand" which all eligible organisations can obtain and use in the marketplace (see art. 1, para. 1, and art. 7, Law 155/2006).

The requirements are:

- being a private organization;
- performing an entrepreneurial activity of production of social utility goods and services;
- acting for the common interest and not for profit.

¹ Antonio Fici, The new Italian Law on Social Enterprise

In order to be defined as a social enterprise, an organization needs to simultaneously hold all the aforementioned attributes.

The business has to be of social utility. The concept of “social utility” is given by article 2 of the Law, which considers two situations. The first (para. 1) regards social utility sectors, like welfare, health, education, instruction, culture, environmental protection and so on. All goods and services related to these sectors are considered to be of social utility. And organizations that acts in these sectors is defined as a social enterprise.

Goods and services of public benefit are those produced and exchanged in the following fields: social assistance (l. 328/2000); health care (DPMC 29/11/2001); social-health care (DPMC 14/03/2001); education and training (l. 53/2003), environment and ecosystem protection (l. 308/2004); valorization of cultural heritage (D. Lgs. 42/2004); social tourism (art. 7 co. 10 L. 135/2001); graduate and post-graduate education; research and provision of cultural services; extra-school training aiming to prevent school leaving and encourage good school performance; support services for social enterprises, provided by bodies composed for over 70 % by social enterprises.

Furthermore, independently from the aforementioned fields, social enterprises are also organizations carrying out an entrepreneurial activity aiming to the work integration of disadvantaged and disabled worker (second paragraph of article 2). In this latter case, for an enterprise to be social, the nature of the sector of activity is irrelevant. What matters is that the activity is carried out by employees, of whom at least 30% are underprivileged or disabled.

After providing the definition of social enterprise, the Italian decree sets out rules on its internal structure, with the aim of directing the action of social enterprises towards their institutional purpose, that is pursuing the common interest. The structure of social enterprises is subject to these general principles:

- correct and efficient management;
- transparency;
- non discrimination rule;
- participation;
- worker protection.

PLEASE INDICATE SOURCES USED:

Antonio Fici, The new Italian law on social enterprise. Paper presented at the seminar “*Emerging models of social entrepreneurship: possible paths for social enterprise development in central east and south east europe*”, organised by the OECD LEED Trento Centre for Local Development and the Institute for the Development of Non-Profit Organisations (ISSAN) in co-operation with the United States Agency for International Development (USAID) – Zagreb (Croatia), 28- 29 September 2006.

Legislative Decree of the 24th March 2006, n. 155, "Disciplina dell'impresa sociale, a norma della legge 13 giugno 2005, n. 118", published in the Italian Official Journal (Gazzetta Ufficiale) n. 97of the 27th April 2006

2. Quantitative characteristics of the social enterprise sector in your country (5 pages max)

Quantitative information

Based on the definition provided in chapter 1, we should probably focus only on effective Social Enterprises as registered in Official records. Due to the fact that this is a new legal entity form and that the attributes described can be referred also to other types of enterprises it seems to be useful to collect data that refer to different business categories.

Number of enterprises

Typology	Enterprises	Employees	Beneficiaries	Total annual turnover of the industry (billions of euro)	Year
Social Enterprises as registered into the Records of the Chambers of Commerce as required by the Italian Law n. 118/05)	508	-	-	-	2009
Social enterprises registered in REA ²	11.020	325.500			
Social cooperatives (Istat)	7.363	244.223	3.332.692	6.381	2005
Estimated values by Iris Network	15.000	350.000	5.000.000	10.000	2009
Potential social enterprises with different not for profit legal entities	41.742	257.579	-	-	2007
Potential social enterprises with commercial legal entities	496.011	1.436.790	-	-	2007

² Economic and Administrative Register managed by the Chambers of Commerce which includes economic, administrative and statistical data about enterprises

Sectors of activity

If we consider the social enterprises registered in the REA, the sectors of activities may be summarized as follows:

	Total	Total	%	%	Difference %
	2003	2006	2003	2006	2003-2006
N° of social enterprises	8.480	11.020	100	100	30,0
<i>Manufacturing and construction</i>	<i>750</i>	<i>880</i>	<i>8,8</i>	<i>8,0</i>	<i>17,3</i>
<i>Services</i>	<i>7.740</i>	<i>10.150</i>	<i>91,3</i>	<i>92,1</i>	<i>31,1</i>
Commerce and restaurant industry	470	580	5,5	5,3	23,4
Transport and postal services	200	270	2,4	2,5	35,0
ICT, TLC and advanced services	590	630	7,0	5,7	6,8
Operation services to enterprises and end users	570	680	6,7	6,2	19,3
Education and training	1.320	1.780	15,6	16,2	34,8
Health and social services	4.010	5.480	47,3	49,7	36,7
Other individual services	580	730	6,8	6,6	25,9

Role of social enterprises: personal services

Social enterprises performing social services, health care, and education, are decidedly more numerous than those creating jobs for the hard-to employ. This is scarcely surprising, given the given the growing sub-contracting of the public sector to the third sector for the provision of personal services. In particular, social service cooperatives most frequently provide social services (81%), less often health services (13%) and education (6%).

The social service cooperatives most often provide their services in facilities or residences which they operate; but some also serve in a domestic mode, taking the service to the homes of their clients.

Regulations at regional level are more and more contributing to the certification for personal services provided, fact that on the one hand is increasing the quality of services and on the other hand is increasing the costs of the service itself.

Role of social enterprises: work integration

The situation of work integration within social enterprises in Italy is very simple to describe since there is only one type work integration social enterprises dealing with this issue in Italy: the B-type social co-operatives (which can be included among the category of social enterprises, see the following paragraph about the organizational and management characteristics of social enterprises for further details)). In fact one could also mention the experience of organizations other than social co-operatives, whose activity also involves disadvantaged people. But, on the one hand, these organizations cannot be defined as enterprises according to the EMES criteria and, on the other hand, they do not have integration through work of disadvantaged people as their priority aim.

The historical evolution of social co-operatives shows that at the beginning the goal of their activity was the creation of job opportunities for disadvantaged people. Over time the purpose became work integration, pursued also by means of on-the-job training.

As a consequence, it is possible to define, within these enterprises, three types of approaches:

- enterprises pursuing the aim of employing and training the disadvantaged people without a clear idea about the stability of these jobs;
- enterprises with the aim of integrating disadvantaged people mainly in the cooperative;
- work integration social co-operatives whose main purpose is to integrate disadvantaged people into the open labour market. This goal can be reached after a period of training, of working experience inside the enterprise, during which the staff works to improve both the social and professional abilities of the disadvantaged people.

Basically, the purpose of B-type social co-operatives is fixed by Law 381/91. They have to **employ disadvantaged people** in a percentage amounting to at least 30% of their total labour force. The employment of disadvantaged people is also a normative regulation for for-profit enterprises and public administrations. Law 68/99 establishes the compulsory quota for the enterprises with a certain number of employees. However, there is a fundamental difference between social co-operatives on the one hand and companies and public administrations on the other: the former have the statutory purpose to employ disadvantaged people, while the latter have a normative obligation to employ disadvantaged people.

During the last few years, there has been a development of the social responsibility of "normal" enterprises and public administration, referable to the fact that the new law regulating the compulsory quota provides the temporary exemption of the compulsory employment through conventions with B-type social co-operatives ex-Law 381/91 or with trade unions. Object of these conventions are orders of a determined value of products or services, regulated by contracts within the social co-operative and the enterprise. For the moment there is not any example of the application of the law in this sense, again because of the short time of application of the law and because of the "pioneering" characteristic of this legal provision.

The main difference, indeed, is related to the different approach in dealing with the disadvantaged people, especially as far as training is concerned. The specialization of B-type social co-operatives went in the direction of definition and implementation of individual paths of training for the disadvantaged, while for profit firms do not want to invest in the specific and general training of the disadvantaged workers they employ.

Role of social enterprises: local development

Social enterprises and the third sector in general tend to be ‘close’ to the target groups they seek to serve in terms of geographical proximity, understanding of their needs, representation or even accountability. This greater accessibility should lead to a provision of goods and services more relevant to their needs than it would be possible with private organizations, because of their focus on profit, or with public organizations, because of their bureaucratic or standardized approach to service delivery.

More generally, it could be argued that the Third Sector - and therefore social enterprises - offers an approach to local development, which provides potential for a new vision and additional elements compared to traditional approaches. It widens the structure of a local economy and labour market by addressing unmet needs and producing new/different goods and services, but it also develops the focus of the local development process in 2 important ways.

First, it ‘adds value’ by ensuring that equity and other ethical considerations enter the local development process. Issues about enterprises’ objectives, work organization, translation of the needs into effective demand, tackling barriers to demand creation and availability of supply, and the services and labour market needs of disadvantaged groups and communities, all have the effect of ‘rebalancing’ perspectives on the local development process.

Second, it raises the larger question of how a ‘post industrial’ local employment development policy and strategy would, could or should look like. It raises issues and offer wider perspectives about the objectives and priorities of local development, the nature of decision making, the extent of local participation in local development, the nature of a “bottom up” approach and the role of local services in local development.

Size of social enterprises

In terms of employees:

	Total	Total	%	%	Difference %
	2003	2006	2003	2006	2003-2006
N° of social enterprises	8.480	11.020	100	100	30,0
1-9 employees	4.370	5.430	51,5	49,3	24,3
10-49 employees	3.160	4.330	37,3	39,3	37,0
50-249 employees	830	1.120	9,8	10,2	34,9
More than 250 employees	120	150	1,4	1,4	25,0

Source: L’Impresa Sociale in Italia, Economia e istituzioni dei beni comunie, Rapporto Iris Network

In terms of turnover/sector of activity:

	Industry's Annual Turnover (thousands of euro)	Average turnover/social enterprise (euro)
Agriculture, hunting and forestry	229.650	502.520
Manufacturing	177.720	468.920
Construction	92.250	408.210
<i>Total agriculture and industry</i>	<i>499.620</i>	<i>470.450</i>
Retail and wholesale	59.490	305.090
Hotels and restaurants	76.820	417.480
Transports, storage and communication	104.940	538.180
Real estate, rental, IT, research	589.330	662.170
Education	131.120	312.940
Health and Social services	3.475.970	1.007.530
<i>Total Services</i>	<i>4.762.990</i>	<i>781.070</i>

Source: ...

PLEASE INDICATE SOURCES USED:

Galliano R., 2003, SOCIAL ECONOMY ENTREPRENEURSHIP AND LOCAL DEVELOPMENT

“The third sector in Europe: Theory and Analysis”, Università degli Studi di Roma., La Sapienza, Pubblicazione Lunaria, 2004

Organizational and management characteristics of social enterprises (5 pages)

What kind of legal structure do these enterprises have?

Investigating the legal structure of social enterprises, given the definition of chapter 1, is nowadays less complicated than it was since 2006. In fact, until 2006, the legal framework regulating social economy in Italy was based on various legal acts of different range and types.

The fundamental rights and principle that stand at the basis of the social economy are regulated by the Constitution of Italy (equal social dignity of citizens, right to work, right of association, etc.).

As shown in the first section of this chapter, according to the legislative decree 155/2006 the social enterprise is rather a qualification / label than a special legal form that is assigned to the entities carrying out in a stable way an economic activity that consists in the production or the exchange of goods and services of public benefit, having general social aims. Furthermore the ownership's status of a social enterprise should ensure that the total profit of the enterprise is not distributed to the single shareholders but is reinvested in the social enterprise or used for the benefit of the community.

Hence, social enterprises can have different legal forms. Social co-operative is the main legal form of social enterprise, however there are many subjects in Italy constituting the "third sector" that can be "roughly" defined as social enterprises: cooperatives, associations, foundations, Onlus organizations.

Beside the general legislative framework defined by the Legislative Decree 155/2006 which regulates social enterprise, the single legal forms include:

- the Civil code provisions regarding associations and foundations (Art.14-42), and co-operatives (Art. 2511-2548);
- the Law 381/91 which defines and regulates social cooperatives;
- the Presidential Decree n. 917/86 on non-commercial associations (entities).

Other acts and laws include the tributary law (Legislative Decree 460/97, defining the characteristics of ONLUS (Organizzazione non lucrativa di utilità sociale - non-profit organizations for social aims). It is a cross-section category of non-business bodies applicable to social cooperatives, volunteering organizations and NGOs; being recognized as an ONLUS Organization gives right to some benefits related to tax regime (for more details, see the following specific paragraph).

The following sections describe the different types of social enterprises from a legal and organizational perspective.

Co-operative

In general, a cooperative is an independent association of people that get together in order to satisfy their own economic, social and cultural needs through the setting up of an

enterprise, characterised by common owned property and democratic control. It is possible to divide cooperatives into sectors or areas of activity, although it is not easy to categorize such a varied phenomenon into pre-established schemes. The Italian Ministry of Labour divides the cooperatives existing in Italy into eight sections: Consumer Co-operatives, Production and work Co-operatives, Agricultural Co-operatives, Housing Co-operatives, Transport Co-operatives, Fishing Co-operatives, Mixed Co-operatives, Social Cooperatives.

Social co-operative

Law 381/91 identifies the peculiar nature of this type of social enterprises aimed at pursuing the general interest of the community to promote the human needs and social inclusion of citizens. The social cooperative is therefore a particular form of cooperative, whose social aim is clearly expressed; it is an alternative to normal enterprise and complementary to the "normal" cooperative. The law stated that the primary beneficiary of their activities is the community, or groups of disadvantaged people. Members may be people who work, manage or are paid volunteers in the co-operative people who directly benefit from its services, such as a disadvantaged or marginalized community; people who are unpaid volunteers in the co-operative - but they must not account for more than 50% of the total workforce.

Social co-operatives are permitted to distribute profits, subject to the following conditions: distributed profits are restricted to 80% of total profits, profit per share must be no higher than 2% of the rate of that available on bonds issued by the Italian Post office. No profits can be distributed if the co-operative is dissolved. This effectively prevents demutualization.

There are two categories of social co-operatives: 'A' co-ops and 'B' co-ops.

Type A

They can deliver health, social or educational services. They operate as commercially orientated businesses, with workers and volunteers being members of the co-op. Many 'A' co-operatives have established 'privileged' relationships with municipalities (also termed preferential bidders for work). About 70% of social co-operatives are 'A' co-ops.

Type B

These are cooperatives for integrating disadvantaged people into the labour market. At least 30% of workers in a B co-operative must be disadvantaged in some way. Those groups benefiting from B co-operatives include people with physical or learning disabilities; people with sensory difficulties; people released from psychiatric hospitals or otherwise treated for mental illness; drug and alcohol addicts; people who have been given an alternative to custodial sentences.

Besides, there is a *Type C*, which refers to Consortia of social enterprises formed by single social cooperatives linked together.

Associations

Associations are no profit organisations constituted by natural or legal persons sharing a common goal. Being non profit doesn't mean it can't lead an economic activity if this activity is the mean to reach its purposes (therefore we include this kind of legal entity in this chapter). It is a contract that is open to membership of third parties. An association must be constituted by 3 persons at least.

There are two types of associations: unrecognized or recognized. With regard to the firsts, no public authorization is needed and they are not legal persons. Recognized associations, instead, are those which obtained the authorization of the Central State. They have legal status, patrimonial autonomy, limited responsibility of the administrators. They can accept legacies and donations.

Foundations

Foundations are institutions supported by an endowment for the pursuance of a goal of public benefit. To constitute a foundation some goods must be destined to the achievement of the specific purpose identified in the statutory act. The foundation has its own legal status.

ONLUS

Onlus (*Organizzazione non lucrativa di utilità sociale* - non-profit organizations for social benefit) were introduced in Italy by Law 460/97. Onlus organizations are a category of non-business bodies, a fiscal entity that has not yet been defined in civil law. Legal Onlus can be: social cooperatives (Law of 08.11.1991, n. 381); volunteering organizations (Law of 11.08.1992, n. 266), NGOs (Art, 28, Law of 26.02.1987, n. 49). Bodies undertaking activities in the following sectors may also be considered Onlus organizations: social-health care, health care, educational charity, training, amateur sports, protection, promotion and enhancement of wild life and the environment (excluding the collection and recycling of urban, special and dangerous urban waste), promotion of culture and art, defence of civil rights, scientific research of a particular social interest carried out directly by foundations or assigned to universities, research bodies, or other foundations.

Organizational and management structure of the cooperatives

Since social co-operative is the main legal form of social enterprise, this section focuses on the organizational and management structure of this type of organisation.

Before the reform, a co-operative statute had limited, or rather, no freedom to determine the system of administration and control of the co-operative. Therefore, the co-operative structure could only conform with the so-called "tripartite" (or three-tier) system of administration and control. There was, furthermore, a strong insistence on the principle of co-operative self-management, to the extent that the law forbade a co-operative to appoint non-member directors (thus, the only way to employ professional managers was to admit them as technical members first).

In order to permit a more efficient and effective management of a co-operative, the recent reform enables co-operative statutes to choose among three different systems of administration and control: the so-called "tripartite" ("three-tier"), "dualistic" (two-tier) and "monistic" ("one-tier") systems. It is worth noting that these options are taken from the regulations governing the main Italian legal form of for-profit enterprise, namely, the

“società per azioni” (limited shareholder company), with only a few adaptations to the co-operative form.

The default system is the traditional **tripartite one**, since the other methods must be expressly opted for by statutes. It is divided into three bodies: the member assembly, the board of directors and the board of supervisors. Among its main ordinary functions, the member assembly appoints and removes directors and supervisors and approves annual accounts. Directors are in charge of the management of the company and they may perform all the acts necessary for the implementation of the social object (art. 2380 bis, para. 1, c.c.). At least a majority of them must be members (therefore, the other directors can be non-members) (art. 2542, para. 2, c.c.).

Supervisors verify the duties performed by directors, the observance of the legal and statutory rules governing their actions, as well as their general good faith. Only registered auditors, registered professionals (such as lawyers and notaries), and law or economics professors may be appointed as supervisors (although at least one supervisor must be a registered auditor). A co-operative must also appoint at least one registered external auditor for the specific aim of auditing annual accounts unless the board of supervisors is entirely formed of registered auditors, in which case the board of auditors can also be in charge of this particular function.

The **one-tier** (“monistic” in the Italian civil code) system is not substantially different from the three-tier one, except for the following points: supervisors are not directly appointed by the assembly, but by the board of directors from among its members; at least one supervisor must be a registered auditor; supervisors are non-operating members of the board of directors (they cannot manage the company) and all of them together constitute an internal body of the latter (named “auditing committee”); the external audit of accounts is always required.

The **two-tier** (“dualistic” in the Italian civil code) system is divided into three bodies: the member assembly, the supervisory body and the management body. Under this system, the assembly of members has fewer functions than in both of the others. It does not appoint (not even indirectly) managers (as in the one-tier system), it does not approve annual accounts, nor is it in charge of other central issues, such as the decision on the recourse advanced by third persons against the denial by administrators of their request to become members; the approval of general regulations on the mutual relationship between the co-operative and its members; etc.

The supervisory body is the central body of this system of administration. It is appointed by the assembly from among its members, is in charge of the election of managers, controls their conduct, approves annual accounts (and is in charge of those key decisions which we referred to before as not being under the responsibility of the assembly), and may also be given by statute the “high administrative” power to determine strategic, industrial and financial plans of the enterprise. The supervisory body is formed of at least three persons, one of whom must be a registered auditor. The management body is formed of at least two persons, also non-members of the co-operative. It manages the enterprise with the same powers as the body of directors under the three-tier system. Under this system the external audit of accounts is always required.

The reason for this may be due to the fact that without making substantial modifications, Italian co-operative law on this point adopted a system of company administration provided by the civil code for a limited shareholder company more suited to widely held large companies (including listed) in which, furthermore, shareholders are not necessarily interested in the company business, but rather returns on investment. Thus, the two-tier system is the system which, more than the others, strongly divides property and control of the enterprise, in the sense that members do not control the enterprise, as control is in the hands of the members of the supervisory body and the managers.

Sources of funding

Apart from incomes generated by services and products sold and apart from contributions and grants provided through regional and national laws, we think it is relevant to deepen this topic from a different perspective. It is well and universally known that co-operatives face a problem of undercapitalization, especially due to the irrelevancy of capital in governance and its limited remunerability.

It has to be considered that, if co-operatives do indeed encounter a problem of undercapitalization, normally they do not face a problem of lack of assets (therefore, undercapitalization constitutes a problem particularly in the starting-up phase of the enterprise). This is partly due to the legal obligation to direct part of their profits to reserves. Italian law obliges co-operatives to earmark 30% of total annual profits for the legal reserve, regardless of the amount of the legal reserve. The compulsory contribution to reserves is a solution to the undercapitalization problem in line with co-operative principles, as it reinforces the non-distribution constraint and the solidarity aspect of a co-operative (solidarity among co-operators, from old co-operators toward new co-operators).

Another external solution is offered by the co-operative movement, in terms of co-operation among co-operatives (sometimes in Italy this is called “system mutuality”). Italian law co-operatives are obliged to allocate 3% of total annual profits to the mutual funds for the promotion and development of co-operation established (under article 11 of law n° 59/92) and headed by the representative organizations of the co-operative movement with the aim of promoting and financing the development of new co-operatives in various manners, as well as through the participation in their capital as founders. In the event of dissolution of the co-operative enterprise, its assets have to be allocated to these funds, (except for “other” co-operatives).

The most recent reform of Italian law sought to reinforce co-operative finance by other new means. In this regard, the general rule is found in article 2526, para. 1, c.c., which states that “the statute may provide for the issue of financial instruments, in accordance with the regulation on limited shareholder companies”.

The freedom given to co-operatives to draft their statutes accordingly is very wide. Indeed, statutes may define financial and administrative rights of financial instrument holders (art. 2526, para. 2, c.c.). As to the financial rights, even in “mainly mutual” co-operatives, financial instrument holders can be remunerated without limit (the only limit in “mainly mutual” co-operatives regards financial instruments held by user-members). As to the administrative rights, the law only sets the limit that the category of financial instrument holders cannot have more than 1/3 of the total votes in the member assembly (art. 2526, para. 2, c.c.). The right to elect administrators could also be awarded to

financial instrument holders, but with the maximum of 1/3 of total administrators (art. 2542, para. 4, c.c.).

Beyond this, the concrete characteristics of issued financial instruments will depend on the statute: a co-operative may issue equity-financial instruments (and therefore admit investor members), debt-financial instruments (as, for example, bonds), or hybrids (as, for example, participative bonds, that is, bonds related to the performance of the enterprise, or shares awarding a minimum return, regardless of the performance of the enterprise, but not voting rights).

Perhaps, the most important case is that of investor (non-user) members. It is known that the opportunity for a co-operative to admit members who are only interested in the remuneration of the capital (and not in mutuality) has long been discussed. The question is whether the presence of a non-user (investor) member can turn out to hinder the co-operative institutional “mutual purpose”. If the administrative rights of investor members are limited by mandatory provisions of the law. Italy first introduced this type of finance solution, that is, investor members, in 1992 (art. 4, law n° 59/92), and since then (at least, according to the common understanding in the co-operative field) this option has not been exploited largely outside co-operative investors, such as mutual funds, that is to say, investors sharing the same view and ideas. In other words, membership has not been attractive for potential investors who are not a part of the co-operative movement. This is understandable in light of the fact that **potential investors in a co-operative do not have a degree of power (to control)** proportionate to the amount of the investment and the financial risk. Insofar as they cannot control the co-operative, profit seeking investors act rationally if they prefer to invest in a non co-operative company.

Workers and jobs offered

Types of job contract used in social enterprises are the same as used in all other kinds of enterprises. Employees can be taken on a fixed term contract or under a permanent arrangement. The long-term contract is used most commonly, but sometimes fixed-term contracts are used as a probationary period, extending beyond the legal probationary duration of 30 days. Social cooperatives have their own national work contract which is recognized by the Ministry and Trade Unions.

Temporary staff hired through temping agencies are not used at all; however, sometimes private enterprises use the social cooperatives as temping agencies for contracting work. Specialists and experts involved in social cooperatives use sub-contracting for specific work or specific projects.

Disadvantaged people come to a social cooperative with different experiences of work. There are some agencies which assist disadvantaged people to find a job. There are also some public initiatives generated by the jobcentre or other public institutions which help employers cover the salary costs of disadvantaged people, as well as some specific programs to overcome the discrimination people with disabilities face.

Evolution of professional profiles

	2006	2007	2008	2009
Hirings	28.200	34.130	36.170	30.380
Management and directors	0,1	0,0	0,0	0,2
Specialists and scientific resources	2,7	2,4	2,4	2,6

Technical profiles	24,0	26,7	26,1	29,0
Office worker	4,6	3,6	3,8	3,5
Commercial profiles	50,8	47,4	51,1	51,1
Skilled workers	2,3	2,8	2,4	2,3
Drivers	3,6	2,9	3,1	2,7
Not qualified profiles	11,9	14,2	11,0	8,7

As far as the role of volunteers is concerned, the most recent data tell us that in 2003 the average number of volunteers in each social enterprise was 4,5 which decreased in 2005 to 4,1.

PLEASE INDICATE SOURCES USED

Belviso U. (2007), “Le co-operative a mutualità prevalente”, in Abbadessa & Portale (eds.), *Il nuovo diritto delle società*, vol. 4, , Torino, p. 653-697

Borzaga C. e Zandonai F. (a cura di), *Rapporto IRIS Network 2009, L’Impresa Sociale in Italia*, Donzelli ed., 2009

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Fici A (2009). Euricse, *WORKING PAPER N.002 | 2010 ,ITALIAN CO-OPERATIVE LAW REFORM AND CO-OPERATIVE PRINCIPLES*

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4. Part II: Driving forces and barriers for Social Entrepreneurship development

- Reporting template -

Please, draft your description (as free text, approx. 10 pages), addressing the indicated aspects/ questions, which you may replace with your information, aspects and recommendations.

4. Current framework conditions and future perspectives:

Historical development and background

In Italy social cooperatives – which we may consider as the predecessor of social enterprises - gained momentum during the 1980s as a result of local authorities having difficulty in directly ensuring welfare services. At a time that the request for these services was increasing social policies were modified so that the management of services was delegated to external bodies, usually non-profit organizations, leaving local authorities mainly with the financial and administrative roles. The aim of this policy was to reduce the cost of social security.

Since the mid 1990s, hence, local authorities began to outsource many of their public procurements.

The social cooperatives' operational fields and sphere of influence in social policies now varies across the different Italian regions. In some areas the relationship between social cooperatives and the public authorities is highly developed, for example in Liguria, where the public procurements for social services (Type A) have been reserved for SC for years. However, the role of social cooperatives, and of the third sector in general, can be more than simply a provider: it can also be partner in programming and planning social policies in a system of governance. In this regard a major new law was introduced in 2000, L328/2000, about national planning for social services in which third sector is involved. The law established the general principles of the integrated system of intervention for social services, where the planning and the organization of the service provision have to involve both public and private bodies, according to the principles of subsidiarity, cooperation, effectiveness and efficiency.

However, one thing is to prescribe a role while a completely different thing is to apply such role effectively, above all if it is a new system; mostly, it is a cultural problem which requires time so that each participant learns how to work together in this new way. In any case, it is hardly paradise - numerous changes are underfoot – fewer and fewer resources are available to satisfy social and health care needs and social cooperatives are at the forefront of a future crisis, while voluntary organizations are transforming themselves into strong competitors in the labour market.

Main barriers for their development

If we consider that for a long time social cooperatives – conceived as the first typology of social enterprise – have been closely connected to public administrations and public tenders and that especially since 2008 public administrations have been reducing budgets dedicated to these kind of contracts, a first barrier can be defined as the “instrumental”

use of social enterprises made by public administration to reduce their costs of external products and services. This is causing a decrease in the level of annual turnovers and therefore lower resources for further development of social enterprises.

If we take a look at the last 3 balance sheets of social cooperatives in Italy, we may notice that profits are decreasing.

The last studies on this topic (2006) highlighted that 44,2% of the Italian social cooperatives active in the services area and 35,6% of type B cooperatives were subject to lower profit rates over the years 2003-2005.

Social cooperatives declaring negative results rised from 28,6% in 2003 to 31,8% in 2005.

There are some specific cases where these negative results are much more evident: small and recent cooperatives (mainly type A) which depend mainly from 1 contractor (public one).

Umbrella Associations

LEGACOOOP (Cooperatives' League), set up in Italy in 1919 after the separation between catholic inspired cooperatives and the lay-socialist inspired ones. In the second post-war period, the Cooperatives' League succeeded in consolidating, growing and becoming a diffuse presence on the Italian territory. The aim of the National League of Cooperatives and Mutual Aid is that of acting for the promotion of those not-for-private-profit cooperatives that draw inspiration from the principles of mutual aid and are grounded on the principles of the International Cooperative Alliance. Legacoop operates for the development and strengthening of member cooperatives and mutual aid associations, guiding them – disregarding its members' political beliefs and faith – to the fulfilment of their social function granted to the cooperatives by the Constitution of the Italian Republic.

CONFEDERAZIONE COOPERATIVE ITALIANE (in short CONFSCOOPERATIVE) (Italian Confederation of Cooperatives) – Confcooperative is an organization that represents, assists and safeguards the cooperative movement, juridically recognized, and the social Enterprises (Federsolidarietà – Federation of Solidarity). Drawing inspiration from the principles set by ACI (International Cooperative Alliance), it has the function of promoting cooperatives as recognized by the Italian constitution (article 45). Article 1 of the Statute provides that the ConfCooperative's action is carried out according to the principles and tradition of the Church social doctrine. Confcooperative is widespread all over the Nation, with an organization articulated in: Regional Unions, Provincial Unions and Interprovincial Unions.

AGCI (General Association of Italian Cooperatives) was set up in 1952. AGCI is a non-profit organization whose institutional aim is that of representing, assisting, defending and supervising the cooperative movement. The association is committed in realizing a system of enterprises, sinergically and strategically linked together, in order to let the movement succeed as a productive and protagonist body in the economic context.

U.N.C.I. was founded in 1971 by a group originally belonging to ACLI and CISL and has a catholic background.

UN.I.COOP. is another umbrella organization promoting the renovation of the cooperative movement at national level. It has been established in 2002

Table 3 – The Italian co-operative movement in 2005

	Number	Turnover (billion €)	Members	Jobs
Legacoop	15,200	50	7,500,000	414,000
Confcooperative	19,200	57	2,878,000	466,000
UNCI	7,825	3	558,000	129,000
AGCI	5,768	6	439,000	70,000
Unicoop	1,910	0.3	15,000	20,000
Non-members	21,561	3	100,000	150,000
TOTAL	71,464	119	11,490,000 (1 in 5 IT citizens)	1,249,000

Source: Zamagni-Zamagni, *cit.*, pp.89

Future perspectives for the development of social enterprises

The institutional innovation provided by the Law on social enterprises created a favourable context for the development of social enterprises. However, other variables related to the socio-economic context, have also to be taken into account in analysing the state of the art and the prospects of development of social enterprises, given the potential impact of these variables on the start-up of new enterprises.

Variables to be considered include:

- the substantial legitimization of social enterprises in the framework of local governance systems, where new policies are planned in sectors of relevance for social enterprises;
- the possibility for social enterprises to implement new partnerships, involving other third sector actors, especially banking foundations - not only for representation and lobbying purposes, but also with a view to bringing about innovative welfare models at the community level;
- the establishment of fruitful relations with other economic actors - beyond a few "best practices" examples in the sphere of corporate social responsibility – with a view to integrating disadvantaged workers into work.

Some of these variables can hinder the creation and development of social enterprises, while others can positively impact the sector's perspectives and prospects (this is the case of the last three variables mentioned).

Social cooperatives have developed intensively in a specific niche; the next challenge Italian social enterprises will have to face is the expansion of their activities in a wider set of economic sectors, and under a plurality of organizational forms.

PLEASE INDICATE SOURCES USED:

Borzaga, C. & Defourny, J. (2001) *The Emergence of Social Enterprise*, London and New York: Routledge.

AAVV (2005) "La Legge Delega sull'Impresa Sociale: Riflessioni nella Prospettiva dei Decreti Delegati", *Impresa Sociale*, n. 2 ,15°, Vol. 74, June.

AAVV (2005) "Dopo il Decreto Delegato sull'Impresa Sociale: criticità, Prospettive, Politiche", *Impresa Sociale*, n. 3, 16°, Vol 75, July-September.

Defourny, J. SOCIAL ENTERPRISE IN EUROPE: RECENT TRENDS AND DEVELOPMENTS, Marthe NYSSSENS (eds.), WP no. 08/01

5. Part III. Measures/Policies Promoting Social Enterprises

- Reporting templates (A+B) -

Please, identify relevant national, regional or local policies/measures for the promotion of the social enterprise sector in your country, according to the aspects as indicated in the template. First, please, draft a brief overview (as free text, approx. 10 pages) of the relevant national, regional or local policies/measures identified. Second, please, complete the reporting template (Box).

As a guide, you may arrive at 3-5 instruments described. Please note that different types of policies/measures are to be covered. Support in founding/establishing social enterprises and fostering co-operation among social enterprises should be particularly considered if possible. Prizes or awards, however, are to be excluded from the analysis.

5. A. Brief overview - Reporting template (approx. 10 pages):

Measure 1. Development of local network supporting the chain of organic production, from production to delivery

This scheme mainly consists of a bottom-up funding system to support small organic producers (social cooperatives, agricultural cooperatives, SMEs and microenterprises) facing financial difficulties, also in the light of the current economic crisis.

This model has been developed starting from the experience of an agriculture micro enterprise in the Lombardia Region (Caseificio Tomasoni) and its local network of partners, producers and consumers, since 2001. This experience is not an established practice yet, but it contains interesting features to be developed for a future possible implementation.

The story begins when the Caseificio Tomasoni, an important organic producer of typical cheese from Lombardia (grana padano) risked to close after over 200 years of activities because of financial difficulties. Milk prices rose by 25% in a few months and the enterprise was indebted to banks for about 1.7 millions euro. Moreover, there was an important stock of cheese in preparation in the warehouse (grana padano takes several years to get ready) and the costs for maintaining it were no longer affordable. At this point, the enterprise asked for help to the financial institutions, but it was denied the bank credit of 150,000 euro that was necessary to keep the activity going.

It was instead a bottom-up network made up by its main customers who saved the enterprise. Almost 1,000 families, organised in 85 solidarity purchase groups (GAS - *gruppi di acquisto solidale*), anticipated over 110,000 euro in order to allow the cheese factory to overcome the financial crisis. The rest of the required financial resources were provided by a social financial cooperative for microcredit, "Mag2".

This experience in the field of organic agriculture shows how the creation of a local network involving different stakeholders (producers, distributors and consumers) can provide a fundamental financial support to social enterprises and SMEs. The development and enhancement of the organic market has been assured through the involvement of the entire product chain, from production to consumption.

The solidarity purchase groups (GAS) started in Italy in the Nineties by the initiative of some families who organized themselves to discuss common interest issues and spread socially sustainable customer behaviour. Today, in Italy there are over 600 GAS, about 80 in the Province of Milan, and most of them are linked in a national network to exchange ideas and best practices.

These groups, involving both the production chain and the consumers network, are able to guarantee a demand for organic products that is stable and trustworthy. Therefore, producers and distributors can optimize their activity, counting on a steady target market. At the same time, consumers can profit by this activity optimization, obtaining better prices thanks to the savings due to an efficient production and delivery. Also, the participating organisations facing financial difficulties can be supported at local level by the consumers network, like in the case of the Caseificio Tomasoni.

This scheme is carried out through a “**bottom-up approach**”: the main involved stakeholders can autonomously build a network of producers, distributors and consumers to get better market conditions both on the supply and on the demand side. The implementing organizations can be social cooperatives, agriculture cooperatives and SMEs; commercial partnerships between profit and non-profit enterprises are promoted wherever possible.

The **geographical scope** of this activity is local and regional by definition. It’s possible to assess the feasibility of spreading the experience and to study how to apply it to different territories, in other EU countries.

The direct **beneficiaries** are the enterprises, their employees and the consumers, while the local community in an indirect beneficiary as far as sustainable and environmentally-friendly local development is promoted.

Possible sources of funding:

- Local Network (enterprises and consumers supporting together local producers);
- Regional and national funding opportunities;
- EU financial contribution.

The scheme appears relevant with regard to the following aspects:

- Bottom-up approach;
- innovative sector (organic agriculture);
- involvement of all the stakeholders;
- promotion of employment within the local community;
- environmental sustainability.

The action has a **long term perspective**, accordingly to the market and economical conditions. The organic agriculture market has been growing in Italy since the beginning of 2000 and it would be interesting to examine the sector conditions in the EU and especially the new countries, assessing the feasibility of involving European partners for

best practice exchange. The opportunity to link organic and social stakeholder is also an interesting and advisable step.

A key element for further developing and reinforcing the experience of the GAS will be the enhancement of the logistics. This is especially true with regard to large metropolitan areas such as the city of Milan, where there is a strong demand for organic products but only a limited supply capacity from the surrounding agricultural areas.

Though an institutionalised **monitoring system** does not yet exist for all the GAS, it would be recommendable to set a monitoring and evaluation scheme with special regard to economic, financial and environmental indicators, as well as quality assurance devices, e.g. general quality standards, trademarks, regular follow-up with customers, etc.

Measure 2. Valorisation of the chain of recovery of technological waste

This scheme was developed on the experience of a social enterprise (Vesti Solidale) promoted by Caritas Ambrosiana in the Lombardia region since 1998. This social cooperative (type B) has been implementing different activities in the environmental sector (especially the collection, re-use and recycle of used clothes and technological waste).

The valorisation of the chain of recovery of technological waste has the **main objective** of developing and enhancing the recycle and re-use market and a sustainable disposal for technological waste.

Technological waste (i.e. electronic devices, mobile phones, computers, cartridges, etc.) is collected from enterprises, organisations and citizens. The material which cannot be recovered is dismissed in an environmentally friendly way, while the rest is recycled or recovered and sold again to commercial partners, starting a new virtuous circle.

A positive spill over in the territory is given by the fact that part of the revenues deriving from this activity is reinvested in projects with social and environmental aims. So far from 1998 to 2008 about 900,000 euro of the whole revenues coming from recovery projects have been dedicated to social and solidarity projects.

Moreover, since the activities are carried out by social enterprises (in particular type B Cooperatives), there are important employment opportunities for disadvantaged people (i.e. disabled persons, former prisoners, immigrants, unemployed people).

The **organization responsible** for the implementation of the activity is a social enterprise (type B cooperative) in partnership with private organisations and local Authorities.

Vesti Solidale has a turnover of over 2.700.000 euro (in 2008) and employs over 50 persons (of whom almost 40% are disadvantaged persons).

In 2009, it achieved the disposal of 457 tons of electronic waste and of 18,273 mobile phones.

Public and private bodies are involved not only in the collection of the material (the waste they produce), but also in raising the awareness about environment protection and

the recovery of re-usable waste. On the other side profit and non profit enterprises can be involved in commercial partnerships for selling the recovered material or parts of it.

Overall, the network counts over 60 local authorities (13% of ink cartridges and 15% mobile phones collected); almost 900 private companies, 7 social cooperatives. In spite of the economical crisis (reducing collection and sales opportunities), it has been possible to keep a significant network and most of all to maintain employment level in the collection and treatment of technological waste.

Other no profit organizations are involved in the socially and environmentally relevant projects that can be financed by sales' revenues.

The **geographical scope** of this activity is local and regional (Lombardia) but it's possible to assess the feasibility of applying the model of this best practice in similar experience at the national level and in other EU countries.

The direct and indirect **beneficiaries** are the enterprises and their employees, as well as the local community, as far as sustainable and environmentally-friendly local development is promoted.

Possible **sources of funding**:

- Sponsorship by foundations and other private donors;
- Environmental funding programs at regional and local level;
- Commercial partnerships with social and private enterprises;
- EU financial contribution, in particular within the framework of the new EU strategy "2020".

Waste recovery is an entrepreneurial activity and it is sustained by market position and commercial partnerships themselves; besides, private foundations are already involved in projects financing the development of the sector (e.i. Niarchos Foundation).

The scheme appears relevant with regard to the following aspects:

- environment protection is a focus of EU policies;
- it may promote support to employment, especially for what concerns disadvantaged people that can be employed in social enterprises for the collection and re-cycle of waste;
- the results and relevance of the activities can be spread as an awareness raising measure on environmental issue for citizens and enterprises.

The action is carried out on a **long term perspective**, accordingly to the market and economical conditions, since technological waste disposal is an issue posing a growing need for solutions at all levels, in Europe and worldwide.

Though an institutionalised **monitoring system** does not yet exist, it would be recommendable to set a monitoring and evaluation scheme with special regard to economic, financial and environmental indicators, also showing the savings in terms of pollution and economic waste.

The feasibility of involving European partners for commercial partnership and best practice exchange should be assessed, especially in the light of the European enlargement and the environmental priorities. It must also be stressed the importance of facing the environmental issues also in the Eastern EU countries.

Measure 3. Capitalisation of the social enterprises through their members/workers

This measure mainly consists of a **specific funding scheme** for cooperatives and social cooperatives.

A significant experience in Italy is provided by CGM Finance, a network of social consortia.

The consortium was born in 1998 with the aim of creating a financial system by the consortium and for the consortium, in order to support the development of the social economy sector, with the main objectives of:

- collecting savings from its members and raising funds and credit lines from credit institutions and no profit financial organizations;
- delivering bridging loans for social projects financed by the European Social Fund or other communitarian programs;
- providing a consulting service on financial issues.

The **main objective** is increasing the capitalisation of cooperatives through direct loans to their members.

Through specific financial schemes, loans are provided to the cooperative members, who in turn devolve the total amount to the cooperative, increasing its social capital. The refunding of these loans can follow different schemes with favourable interest rates.

Cooperatives, social cooperatives, consortia and their umbrella organisation are the **main stakeholders** involved.

Overall, 171 cooperatives and 67 consortia organisations are involved in CGM Finance and its turnover reached over 2.000.000 € in 2010.

The **geographical scope** of this activity is national and regional (in Italy and in Lombardia), but there is the opportunity of spreading the experience in other EU countries; in this respect, the feasibility should be assessed and the modalities evaluated.

The direct **beneficiaries** are cooperatives, social cooperatives, consortia, their umbrella organisations and their members.

Since 1998, over 300 organisations profited by the sustainable financial support offered by CGM Finance through the loans provided by the consortium to increase their capitalisation.

Other organisations received bridging loans for social projects financed by the European Social Fund or other communitarian programs; this ensured to the organisations the financial sustainability necessary to carry out the project activities.

Possible sources of funding:

- Financial tool provided by the umbrella organisations or by other financial institutions;
- EU funding, in particular the communitarian program Jeremie.

The scheme appears relevant with regard to the following aspects:

- supporting the financial stability and sustainability of cooperatives;
- encouraging the direct involvement of members-workers;
- providing loans offering interest rates lower than the market thanks to the internal system of collecting the resources.

The funding scheme has a **medium term perspective** (1 to 3 years), but its impact is expected to positively affect sustainability in the long run, increasing the capitalization of social enterprises and improving their economic soundness and reliability.

As for **monitoring and evaluation**, internal schemes are provided within the measure itself to assess the increase in soundness and sustainability in capitalization and financial situation of cooperatives.

In addition, institutional monitoring system is provided in case of communitarian financing program.

Measure 4: THE “VENICE AND THE OTHER ECONOMY” PROJECT

Purposes of the measure

The objective of the Venice and the Other Economy Project is to create and promote a Venetian Solidarity Economy Network and to carry out specific schemes whose aim is to strengthen the system with a view, eventually, of constructing an actual Solidarity Economy District based on alternative methods of production, consumption, saving and work.

The project, initially promoted and coordinated by the Venice City Council, involves social enterprises (above all B-type social cooperatives), small firms, consumer groups and associations, citizens, producers of organic foods and fair trade organisations. The

beneficiaries, apart from the enterprises themselves and those who work in them, are citizens and the local community as a whole.

The geographic area involved is that of the Venice City Council.

The project came into being as an autonomous Venice City Council initiative to foster the growth of the social and solidarity economy in its area, unrelated to particular national laws or strategies, but arising, if anything, from a concept of territorial development that would be more sustainable in both economic and social terms. Starting from the consideration that the persons playing a part in this non-conventional economy are a significant presence in our area, with a substantial impact on both production and the social and economic scenario, the project envisages the City Council, together with the private entities composing and playing active parts in the social and solidarity economy of Venice, sharing public responsibility for the economic and social development of the area from the point of view of horizontal subsidiarity in accordance with Article 118 of the Constitution. It therefore makes use of some juridical and legislative instruments that may make it easier for public and private entities to work together and realise joint projects, such as Law 241/90 (Article 11) or Article 5 of Law 381/91 as regards entrusting the delivery of services to social cooperatives.

Organisation/person(s) responsible

The Venice and the Other Economy Project is promoted by the Environment, Production and Social Policies Department of the Venice City Council, and is therefore a public body. In 2008 it established the AERES (“Other Economy Solidarity Economy Network”) Association, which is the owner of the Project on the basis of a Subsidiarity Agreement entered into with the City Council.

Content

In October 2006 the Venice City Council approved the *Venezia per l'altraeconomia* project and issued a public notice for the formation of a Standing Committee for the Other Economy, which was initially joined by 44 entities active in the field of the social and solidarity economy: B-type social cooperatives, small profit-making and non-profit-making enterprises, organic food producers, fair trade organisations, consumer associations and fair trade procurement groups.

The Venice City Council allocated 150,000 euro in its 2006 budget and 95,000 euro in its 2008 budget to the project; in 2010 17,500 euro was allocated as a guarantee fund to finance micro-credit for activities performed by enterprises starting up within the solidarity economy system that had been set up. It also allotted a part of the former Mestre central dairy building as a permanent space devoted to the development and promotion of the other economy.

The City Council also formed an Inter-Departmental Working Group composed of five members, whose task is to coordinate the project and prepare the ground for the Standing Committee’s deliberations.

Between January 2006 and June 2008, the Standing Committee for the Other Economy:

- worked out an agreed definition of the expression “the other economy” based on the history and development of the Venice area, establishing its values, principles and

sphere of activity;

- drew up the Charter of Principles of the local Solidarity Economy Network: the members of the Committee carried out this task together, modelling the document on the national Charter but also adapting it to local circumstances;
- laid down regulations setting the criteria for participation in the Standing Committee;
- established the objectives, strategies and possible future growth of the Venice Network and the Committee, in both the short and the long term;
- put together the first plan of operations for using and running the Other Economy Centre, selecting the activities to be performed there and determining the method of management;
- agreed on the management of the first activities in the Centre (maintenance and cleaning, markets, etc.) and arranged for them to be carried out.

At the end of this process in October 2008, 27 entities out of the original 44 formed the AERES Association, which is open to firms, services organisations, associations, social enterprises and self-organised groups of citizens.

In 2009 AERES began to manage the project autonomously, bringing in new economic and non-economic entities and using the resources entrusted to it to put activities in hand that were consistent with the concept of the project both in the Other Economy Centre and in other parts of the city regarding the following themes: organisation of the short supply chain, organisation of consumption and consumers, environmental sustainability, non-monetary exchanges, social inclusion and fair pay for labour, savings and ethical finance, fair trade

In March 2010 the Venice City Council and the AERES Association signed a Subsidiarity and Collaboration Agreement, in which they concur on the need to integrate policies and strategies in the matters of the environment, welfare and economic growth, both in order to optimise the use of resources and to cope with the social, economic and environmental complexity of the Venice area.

Performance and effects.

Thanks to the project and the progress that it has made, some new business activities have been created or have grown: 3 raw milk vending machines, which helped a farmer that was about to close down to increase the number of his cows to meet demand; 3 organic food markets a week in Venice and Mestre with various local producers; 4 type-B social cooperatives that take it in turns to manage, maintain and clean the Other Economy Centre employing disadvantaged personnel; 1 new cooperative to run the snack bar.

The project is monitored by a joint City Council and AERES Planning Committee, which sets annual targets and indicators to measure achievement.

Outlook: for example is it expected to change, and if so, why?

There is expected to be an increase in the number of the members of the AERES Solidarity Economy Network and the activities and opportunities, both for the firms that belong to it and, above all, for the citizens and local communities, are expected to multiply. There are also plans for development in the relations between the City Councils and the individuals and groups that belong to the Network in order to put new projects and schemes in hand.

Measure 5. ETHICAL AND COOPERATIVE BANK & PROVINCE OF FOGGIA “CREDIT FOR WOMEN”

Description of the measure

The *Diama credito alle donne* (“Credit for Women”) project was created in 2005 after work done jointly by the Equal Opportunities Department, the Production Department and the Department of Labour and Occupational Training of the Foggia Provincial Council and the Banca Popolare Etica s.c.p.a.

The project is fully consistent with the Provincial Council’s policy of paying increasing attention to equal opportunities and with the activities that the Council performs in support of women in business.

It is also a valid and replicable example both of collaboration among various councillors and departments within the Provincial Council itself and of a partnership between a public authority and a banking institution in which each respects the other’s role and particular characteristics. In this specific case, it would seem appropriate to draw attention to the intense harmony between the objectives of the Foggia Provincial Council’s action and the values directing and guiding the daily work of the Ethical Cooperative Bank.

Third parties such as associations and private individuals that are interested may also support the fund by subscribing escrow certificates of deposit in units of at least 1,000 euro or by donations. This form of co-partnership is an innovative, little known but very practical way of supporting people and communities in the borrowing phase of local self-development, since, instead of proceeding on the basis of the traditional donation instrument, a sum is allocated to set up a guarantee fund, which becomes a real guarantee for loans to women. The sum deposited is restricted for use in specific projects, and may be returned at the end of the project, when the loan that has been granted is totally repaid. Naturally donations may also be accepted.

There are two possibilities for benefiting from the amount deposited during the restricted period:

- to retain the right to the interest that accrues, which is paid together with the sum lent when it is released;
- to waive the interest payable by the borrower, who will receive a reduction in the cost of the amount he has utilised.

The decision depends on the guarantor and the extent to which the project is shared.

When the loan is terminated, the guarantor may withdraw the amount deposited or enter into another guarantee plan.

With this method of intervention, women's development micro-projects can be supported, firmly preserving the borrower's dignity, since the degree of trust is very high: the lender takes the risk personally, in the certainty that the project is viable and that it is worth supporting. The knock-on effect on guarantors and recipients is as one would expect and very rapid: it is immediately positive, encouraging and even provides concrete evidence of the power of solidarity in the financial field, an area that is generally taboo for solidarity organisations.

This is why it is important for institutions engaged in social solidarity and civil economy to start thinking about trying out this new form of solidarity.

Structure and characteristics of the project

The beneficiaries are businesses run by women or mainly participated in by women (in accordance with the criteria mentioned above), also including firms established as craft enterprises (as defined in Law 215 of 25 February 1992) having their registered office in Foggia and their activities mainly based in this province. A basic requirement in order to qualify as a beneficiary is that the business must fall under the description of a small enterprise as laid down in Ministry of Industry Explanatory Circular 900315 of 14 July 2000 with regard to assistance to production in accordance with Law 488/1992.

Loans may be used as micro-credit to create a new production unit or to enlarge or modernise already existing facilities. "Enlargement" refers to a plan resulting in an increased capacity to deliver services by means of higher occupation and higher production factors. "Modernisation" means a plan to introduce innovations to the business in order to increase productivity and/or improve the conditions arising from how work is organised.

Investments in all the various sectors are possible, but the following prevail: socio-cultural; environment and tourism; typical local crafts;

whose entrepreneurial activities satisfy the following social and environment indicators: democratic participation in the business; transparency; social quality of the product; compliance with rules regarding working conditions; capacity to respond to the area's social needs; rooted in the local area.

The project takes the form of a bilateral agreement that has been entered into by the Province of Foggia and the Ethical Cooperative Bank, which lays down detailed rules for the functioning of the project, the methods for its implementation and the obligations of the parties. An integral part of the rules are the "Regulations for the guarantee fund for businesses mainly run by women". The Agreement has a term of 5 years and in any event until the expiry of the last loan, may be added to by means of a mere exchange of correspondence or supplementary documents and may only be renewed at the express wish of the parties.

The procedure for access to the project is as follows: the Foggia Provincial Council publishes a notice and allocates the necessary funds; the potential beneficiaries fill in the application attached to the entry form (providing information about the activity they intend to carry out) and submit it within 60 days of the date of publication of the notice;

the Assessment Committee formed by the Foggia Provincial Council and the Ethical Cooperative bank satisfies itself that the applicants satisfy moral and social requirements and that the plans that they submit are consistent with the programme guidelines, examines the applications from the technical, economic and financial points of view and sends the bank a list of the successful loan applications with the documents necessary for the amount to be disbursed; the bank resolves to grant the loans on the preset terms.

The loans are governed by different rules according to type:

- for enlargement or modernisation, they can have a maximum term of 5 years and may not exceed 10,000 euro per transaction;
- for new business ideas, their maximum term is again 5 years, but a pre-amortisation period of not more than 6 months may be requested and the maximum amount per loan may not exceed 70% of the total investment up to a total of 25,000 euro. This exceptional procedure was included in the second call for applications, as a result of the particularly successful outcome of the first call.

The bank applies a multiplier to the resources available, which can vary over time on the basis of the amounts disbursed and the insolvency rate that emerges.

All the loans granted are counter-guaranteed by the guarantee fund for businesses mainly run by women deposited with the Ethical Bank of the Province of Foggia, created by virtue of Foggia Provincial Council Executive Committee Resolution 166 of 28 February 2005, which may also be contributed to by third parties (as mentioned above) after notifying the signatories to the agreement. In the course of time the amount in the fund has also been added to by the Provincial Council, as a result of the successful outcome of the first call for applications, as mentioned above. The funds come from the Foggia Provincial Council's own resources and are allocated to specific expenditure subheads in its budget.

The fund may be called upon in the event of failure to pay three consecutive instalments after the termination of the loan agreement and notice of default to the debtor.

Performance and results achieved.

As already mentioned, the project has taken the form of two calls for applications up to now. The first, in March 2005, led to 11 loans being granted, amounting to above 100,000 euro. The second in April 2007, thanks to an increase in the funds available, led to the disbursement of 23 loans, amounting to more than 300,000 euro in all. The decision to boost the fund in the second phase of the project was made owing to the great success of the first (more than 50 applications) and took the form of allowing new openings and opportunities to many new or already consolidated cases of female enterprise. The second call for applications was very well received: there was an increase in applications of over 30% (71 were submitted).

This strong local response was the result of efficacious communication on the part of the Foggia Provincial Council and the action taken by the system, which enabled a number of local authorities and operators in the sector to join the scheme, thus enhancing the virtuous network that had already given good results in the past with regard to other projects launched by the Provincial Council.

These results also encourage the Foggia Provincial Council to consolidate work on equal opportunities and social inclusion, which it is carrying on with determination and capacity for innovation, considering this type of activity a challenge of civilisation and progress to be taken to a successful conclusion.

The project adopts various mechanisms for monitoring data and information, distributing them among the parties involved:

- periodically and with respect to the calls for applications, the Ethical Bank sends the responsible City Council executive a list of the successful applications with the amounts of the loans granted. This list is adopted by virtue of a departmental decision, which is then transmitted to the bank as authority for the loans;
- in addition to this the Ethical Bank sends the Assessment Committee a report on the activities financed from the guarantee fund and the relative exposure and also monitors repayments. If the fund is called upon, it first notifies the responsible executive;
- before the end of each Council financial year, the Assessment Committee reports to the Provincial Council on the work that has been done and submits proposals for future financial years;
- every year the steering committee of the guarantee fund for businesses mainly run by women, formed by the Foggia Provincial Council, scrutinises the final results of the work that has been done, informing the President of the Province and the competent departments of the result of their deliberations. This committee is also responsible for promoting the allocation of fresh resources to the fund both by the Provincial Council and by other local authorities or associations in the area that are interested in carrying the project forward.

The Foggia Provincial Council also intends to set up an observatory on the condition of the female population of the Province, which will assist it in consolidating the various projects for women that have been put in hand, including “Credit to Women”. This observatory will be the point of reference and synthesis, within which all policies regarding equal opportunities and actions on behalf of women will be harmonised and steered, also and above all in the application of the important innovations introduced by Regional Law 7/2007, containing rules for gender policies and services for the reconciliation of life and work obligations.

In this scenario, the Foggia Provincial Council, as coordinating body, will act as a link between the work done by local authorities and the associations, placing its accumulated experience at the disposal of the plan, and will undertake to see that the equal opportunities projects that are implemented interact with each other so that in a short time the observatory will become a point of reference for the entire area.

Measure 6. The financial solidarity network

Purposes of the measure: to strengthen and develop social cooperation in the Province of Treviso. The beneficiaries are the cooperatives that belong to the Castelfranco Veneto Consorzio In Concerto. This consortium is a second-level cooperative consisting of 15

social cooperatives (five type A and eleven type B). The geographic area concerned is the one corresponding to the cooperatives' operating area (ULSS 8 and 15 health authority districts, between the Provinces of Treviso and Padua).

Organisation(s) and those responsible: Consorzio In Concerto. A person working in the Consorzio administrative offices is responsible for managing and disbursing grants.

Content: this is a fund to which all the Consorzio cooperatives belong, each paying 0.10 euro per hour worked by their member/workers. The fund capitalises the consortium. The scheme was conceived during the years in which the economic crisis, above all in the industrial markets, required an instrument to act as a means of defence and a guarantee which allowed the consortium both to finance new social projects and to help the cooperatives in the group that were in economic and financial difficulty; it has also proved itself to be valuable in the present period (from 2008 onwards) of serious economic crisis.

Performance and effects: it has saved one consortium cooperative from bankruptcy, supporting it in the critical stage and helping it to recover and grow. It financed the beginning of the work on building a new property at the service of the cooperatives, named "Solidarity Districts III", which allowed four consortium cooperatives to rationalise their logistics and production, with a substantial saving in production times and costs. Administratively, the system is monitored using a model that on one hand verifies the payments of the contributions to the fund and on the other audits the efficacy of the financed projects.

Outlook: in the light of the successful results obtained, the Consorzio and its member cooperatives intend to enhance the fund's intervention capacity by involving external partners (public authorities and banks).

5. B. Reporting template:

Field	Explanation
Country	Italy
Name of the scheme/measure/regulation (English)	Development of local network supporting the chain of organic production, from production to delivery
Original name of the scheme/measure/regulation	Sviluppo di rete locale a sostegno della catena del biologico, dalla produzione alla distribuzione
Principal organisation	Bottom-up approach: network of producers, distributors and consumers
Implementing organisation	Social cooperatives, agriculture cooperatives and SMEs
Status of implementing organisation	Private
Source of funding	- Local network - Regional and national funding opportunities
EU financial contribution	Yes
Duration of the action - Start date - And day	Long term perspective
Type of the scheme/measure/regulation	Bottom-up funding system to support organic producers facing financial difficulties
Objective of the scheme/measure/regulation	Development and enhancement of the organic market, from production to consumption
Brief description of the scheme/measure/regulation	Creation of local network involving different stakeholders: producers, distributors and consumers with the purpose of supporting social enterprises and SMEs in the field of organic agriculture. The organisations facing financial difficulties are supported at local level both by the chain of production and by the network of consumers, organised in solidarity purchase groups (GAS - gruppi di acquisto solidale).
Target population addressed	The beneficiaries are: the enterprises and their employees, the consumers, but also the local community as far as sustainable and environmentally-friendly local development is promoted.
Geographical areas covered	Regional and Local
Relevance of scheme/measure/regulation	- Bottom-up approach - innovative sector (organic agriculture) - involvement of all the stakeholders - promotion of employment within the local community - environmental sustainability
Evaluation	An institutionalised monitoring system does not exist. It would be recommendable to set a monitoring and evaluation scheme with special regard to economic, financial and environmental indicators.
Future perspective of the scheme/measure/regulation	It is expected to continue in the long term. The Organic agriculture market has been growing in Italy since the beginning of 2000. The opportunity to link Organic and Social stakeholder could be an interesting and advisable step.
Additional relevant	The feasibility of involving European partners for best practice exchange

information	should be assessed. This funding scheme was developed on the experience of a micro enterprise in the Lombardia Region since 2001.
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Field	Explanation
Country	Italy and possible best practice spreading towards other EU countries
Name of the scheme/measure/regulation (English)	Valorisation of the chain of recovery of technological waste
Original name of the scheme/measure/regulation	Valorizzazione della catena di recupero dei rifiuti tecnologici
Principal organisation	Social enterprises
Implementing organisation	Social enterprises in partnership with private organisations and local Authorities
Status of implementing organisation	Public, semi-public, private
Source of funding	- Sponsorship by foundations and other private donors; - environmental funding programs at regional and local level; - commercial partnerships with social and private enterprises.
EU financial contribution	Yes, in particular within the framework of the new EU strategy "2020"
Duration of the action - Start date - And day	Long term perspective
Type of the scheme/measure/regulation	Mixed scheme involving the private and public sector.
Objective of the scheme/measure/regulation	Development and enhancement of the recycle and re-use market, and of a sustainable disposal for technological waste.
Brief description of the scheme/measure/regulation	The technological waste (i.e. electronic devices, mobile phones, computers, cartridges, etc.) is collected from enterprises, organisations and citizens: the material which cannot be recovered is dismissed in an environmentally friendly way, while the rest is recycled or recovered and sold again to commercial partners, starting a new virtuous circle. Part of the revenues deriving from this activity is reinvested in projects with social and environmental aims. Moreover, since the activities are carried out by social enterprises, there are important employment opportunities for disadvantaged people (i.e. disabled persons, former prisoners, immigrants, unemployed people).
Target population addressed	The beneficiaries are: the enterprises and their employees, as well as the local community, as far as sustainable and environmentally-friendly local development is promoted.
Geographical areas covered	Regional and local
Relevance of scheme/measure/regulation	- environment protection is a focus of EU policies; - support to employment, especially for what concerns disadvantaged people; - awareness raising on environmental issue for citizens and enterprises (promotion of the concept of corporate social responsibility).
Evaluation	An institutionalised monitoring system does not exist. It would be recommendable to set a monitoring and evaluation scheme with special regard to economic, financial and environmental indicators.
Future perspective of the scheme/measure/regulation	It is expected to continue in the long term, accordingly to the market and economical conditions
Additional relevant information	The feasibility of involving European partners for commercial partnership and best practice exchange should be assessed, especially in light of the

	<p>European enlargement and the environmental priorities. It must also be stressed the importance of facing the environmental issues also in the Eastern EU countries.</p> <p>This funding scheme was developed on the experience of a social enterprise promoted by Caritas Ambrosiana, in the Lombardia region since 1998.</p>
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Field	Explanation
Country	Italy
Name of the scheme/measure/regulation (English)	Capitalisation of the social enterprises through their members/workers
Original name of the scheme/measure/regulation	Capitalizzazione delle imprese sociali tramite soci.
Principal organisation	Cooperatives' consortia or umbrella organizations
Implementing organisation	Cooperatives, social cooperatives, consortia and their umbrella organization
Status of implementing organisation	Private
Source of funding	Financial tool provided by the umbrella organisations or financial institutions
EU financial contribution	Yes, in particular the communitarian program Jeremie.
Duration of the action - Start date - And day	Medium term (1 to 3 years)
Type of the scheme/measure/regulation	Specific funding scheme for cooperatives and social cooperatives
Objective of the scheme/measure/regulation	Increasing the capitalisation of cooperatives through direct loans to their members
Brief description of the scheme/measure/regulation	Through specific financial schemes, loans are provided to the cooperative members, who in turn devolve the total amount, to the cooperative, increasing its social capital. The refunding of these loans can follow different schemes with favourable interest rates.
Target population addressed	Cooperatives, social cooperatives, consortia, their umbrella organisations and their members.
Geographical areas covered	National
Relevance of scheme/measure/regulation	<ul style="list-style-type: none"> - supporting the financial stability and sustainability of cooperatives; - encouraging the direct involvement of members-workers; - providing loans offering interest rates lower than the market thanks to the internal system of collecting the resources;
Evaluation	Internal schemes for monitoring and evaluation; in addition, institutional monitoring system in case of communitarian financing program
Future perspective of the scheme/measure/regulation	This measure applies in the medium term, but its impact is expected to positively affect sustainability in the long run.
Additional relevant information	<p>A significant experience in Italy is provided by CGM Finance, a network of social consortia.</p> <p>The consortium was born in 1998 with the aim of creating a financial system by the consortium and for the consortium, in order to support the development of the social economy sector, with the main objectives of:</p> <ul style="list-style-type: none"> - collecting savings from its members and raising funds and credit lines from credit institutions and no profit financial organizations - delivering bridging loans for social projects financed by the European Social Fund or other communitarian programs; - providing a consulting service on financial issues

Field	Explanation
Country	Italy, Venice
Name of the scheme/measure/regulation (English)	Project "Venice for AnotherEconomy" - Promotion and development of local network to support social economy, which is: non profit and social enterprises, profit enterprises, associations of citizens and consumers, biological farmers and fair trade organizations
Original name of the scheme/measure/regulation	Resolution of the Town Council of the City of Venice n.455/2006 . For the Pact of Subsidiarity between AERES association and City of Venice, the law reference is the Article 11 of L.241/90 and ART. 118 of the Italian Constitution (principle of horizontal subsidiarity)
Principal organisation	City of Venice (project promoter) - Environment Department, Social Welfare Department and Productive Activities Department
Implementing organisation	In addition to the City of Venice, the project involves: type B social cooperatives, profit and nonprofit enterprises, biological farmers, fair trade organizations, consumer associations. All together, they have established an association named AERES.
Status of implementing organisation	Public and private
Source of funding	The City of Venice launched the project with 150,000 Euros in the 2006 and 95,000 Euros in the 2008. In addition to this, the City of Venice set up a Working Group made of three Administration Departments promoting the project (Environment, Welfare and Productive Activities) as facilitators. The City of Venice has also invested 17,500 Euros in 2010 for micro-credit addressed to start up enterprises with projects and activities consistent with the project objectives. Finally, the City of Venice assigned a portion of space in the former central milk as a venue for project activities.
EU financial contribution	No
Duration of the action - Start date - And day	From 2006 to 2008, the City of Venice set and led a local expert group working on <i>Another Economy</i> which is made of 44 subjects. In October 2008, 27 of these organizations gave life to a new association, called AERES. From December 2008, the project has been led by AERES. In March 2010, a pact of subsidiarity was signed between the City of Venice and AERES association for promoting and developing the social economy in the Venice area and realizing activities.
Type of the scheme/measure/regulation	Innovative and participatory form of public financial support to the development of new businesses and the increase of employment; co-design of public - private activities of public interest.
Objective of the scheme/measure/regulation	The project aims to build and promote a Venetian Economy of Solidarity Network by implementing specific projects. The aim is to create a real "District of Economy of Solidarity" based on alternative methods of production, consumption, savings and working.
Brief description of the scheme/measure/regulation	To create a local network which involves and gives value to the activities of different stakeholders (producers, enterprises, social cooperatives of type B, consumers and citizens). These activities must be related to social economy and solidarity and must respect the environment and the social characteristics of the area. At the beginning, the City of Venice has acted as promoter, facilitator and financial supporter. The expectation is that the network is able to economically sustain itself, after the initial financial boost.
Target population addressed	The beneficiaries are: businesses and their workers, especially disadvantaged workers, citizens, consumers and the local community as a whole.
Geographical areas covered	City of Venice
Relevance of	Innovative form of mixed public-private partnerships for the promotion and

scheme/measure/regulation	development of social economy and local development which must be both environmentally and socially sustainable.
Evaluation	The agreement between the City of Venice and AERES association provides a system for monitoring and annual evaluation. The dialogue between the parties on the stipulation, the assessment of objectives, the project implementation and the business plan is guaranteed by setting up a conciliation between the City of Venice and Aeres Association.
Future perspective of the scheme/measure/regulation	The expectation is that the project continues in coming years and brings more economic development opportunities for the subject of the network.
Additional relevant information	www.comune.venezia.it/altraeconomia www.aresvenezia.it

Field	Explanation
Country	Italy – Castelfranco
Name of the scheme/measure/regulation (English)	Mutual financial network
Original name of the scheme/measure/regulation	It does not refer to any law in particular. Cooperatives and groups are governed by law 381
Principal organisation	Consortium of social cooperatives "In concerto" in Castelfranco Veneto (TV)
Implementing organisation	Consortium of social cooperatives "In concerto" in Castelfranco Veneto (TV)
Status of implementing organisation	Second level cooperative (Consortium) composed by 14 social cooperatives as members (4 social cooperatives type A and 10 cooperatives type B)
Source of funding	Self-financing social cooperatives participating in the Consortium "In Concerto"
EU financial contribution	No
Duration of the action - Start date - And day	The self financing mechanism is still operative
Type of the scheme/measure/regulation	Other support from funding and financial measures (self-financing)
Objective of the scheme/measure/regulation	To strengthen and develop social cooperation in the Province of Treviso
Brief description of the scheme/measure/regulation	This is a fund agreed by all cooperatives which are members of the Consortium. Each cooperative pays an amount of 0.10 Euros per hour actually worked by its members-workers. The fund is addressed to capitalize the Consortium, but can be used to start up new projects, to make mutual investments or to support members of the Consortium which need support.
Target population addressed	The cooperative members of the consortium and their employees
Geographical areas covered	Provinces of Treviso and Padova
Relevance of scheme/measure/regulation	It is a form of financial self sustainability and is available to both workers and cooperative members. This fund can increase the capital of the consortium, which then strengthens its economic position and can obtain credit from banks and other financiers easier. It is also an investment fund that can be used to face period of crisis, to invest in social and important projects of members.
Evaluation	From an administrative point of view, the system is monitored through a model which verifies the first payment of contribution to the fund; besides, the system analyses the performance and the effectiveness of funded projects.
Future perspective of the scheme/measure/regulation	Given the positive results, the Consortium and its member cooperatives expect to strengthen the response capacity of the fund through the

	involvement of external partners (government and banks)
Additional relevant information	http://www.consorzioinconcerto.it/home.html