A Supportive Financing Framework for Social Economy Organizations

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OECD LEED International Conference
“The Social Economy in Central, East and South-East Europe: Emerging trends of social innovation and local development”, Trento, Italy, 22-23 September 2005
Laws and Sustainability

- **Basic SEO rights**
  - Framework laws, permissibility of economic activities, basic tax exemptions

- **Recognition of SEO contribution to public good**
  - Public benefit status, tax incentives for philanthropy, transparent funding mechanisms

- **Framework for public-private partnerships**
  - Volunteering, social contracting, percentage laws, endowment schemes
## Revenue Sources: Country Examples

<table>
<thead>
<tr>
<th>Country</th>
<th>Gov’t</th>
<th>Income Gen.</th>
<th>Philanthropy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>42</td>
<td>46</td>
<td>12</td>
</tr>
<tr>
<td>Czech R.</td>
<td>39</td>
<td>47</td>
<td>14</td>
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<tr>
<td>Sweden</td>
<td>29</td>
<td>62</td>
<td>9</td>
</tr>
<tr>
<td>Romania</td>
<td>45</td>
<td>29</td>
<td>26</td>
</tr>
<tr>
<td>Netherlands</td>
<td>59</td>
<td>39</td>
<td>2</td>
</tr>
<tr>
<td>UK</td>
<td>47</td>
<td>45</td>
<td>9</td>
</tr>
</tbody>
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Source: JHU Research
# Who Benefits?

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<th>Gov’t funding</th>
<th>Economic act.</th>
<th>Philanthropy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>Culture</td>
<td>Religion</td>
</tr>
<tr>
<td>Social services</td>
<td>Regional development</td>
<td>International development</td>
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<td>Environment</td>
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<td>Advocacy</td>
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<td></td>
<td>Education</td>
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</tbody>
</table>

*source: JH Project*
Income-Generating Activities

- Sales, fees for services, membership fees, rent, investments, business venture
- Non-distribution constraint

- **Benefits**: partnership with beneficiaries, customer relationships, unrestricted income, support of diversified needs, innovation and creativity, increased quality of services, improved effectiveness and accountability

- **Challenges**: permissibility, criteria and taxation, SEO capacity, economic context, fair market competition
Government Funding

- Direct - subsidies, grants, vouchers, per capita fees, endowments – central and local level
- Indirect - tax exemptions

- **Benefits**: partnership in addressing local needs, diversified service providers, flexibility, better quality of services, “best value” concept, greater reliability

- **Challenges**: transparency, accountability and independence, image of SEOs, recognizing opportunities
**Philanthropy**

- **Benefits**: local community partnerships, mobilizing support and awareness, image of SEOs, increased participation

- **Challenges**: economic situation, awareness and trust in SEOs, low philanthropic culture, SEO capacity
Innovative Models of Support

- Distribution of privatization proceeds (Czech R.)
- National Civil Fund (Hungary)
- Percentage mechanism (Hungary, Lithuania, Poland, Romania, Slovakia and Japan)
Ingredients of Successful SEO Financing Policies

- Legal environment supportive of diversified funding resources
- Analysis of local circumstances and existing opportunities
- Holistic approach and regard of all factors, *e.g.*, *Economic context*
  - *Diverse needs and types of SEOs*
  - *SEO capacity and image*
  - *Awareness of society*
- Cross-sector partnerships
- Carefully drafted implementation plans.