



What can Slovenia learn from Italy?

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Why presenting the Italian experience?

- the *social enterprise* concept was used in Italy earlier than elsewhere
- social enterprises account for a long history and significant development
- intense legislative activity: law on social coops (1991) and law on social enterprise (2005-2007)
- good availability of data and knowledge from both official statistics and private research
- considerable interest of Slovenian cooperatives

The emergence of social enterprises in Italy

- first social enterprises were set up in Italy at the end of the 1970s
- promoted by groups of citizens, given the limited supply of and growing demand for social services.
- most of these organisations were set up through the cooperative form

Basic data

During the 1990s social cooperatives registered an extraordinary growth

In 2009 (Unioncamere, 2009):

- 13,938 social cooperatives, with
- 304,645 people employed
- more than 30,000 disadvantaged workers integrated
- more than 3,500,000 users
- more than 6,381 million euros turnover

Key factors explaining the growth of SEs in Italy

Voluntary contributions

- as work free of charge:
 - ✓ social enterprises developed as voluntary responses to social needs
 - ✓ also when supported by public resources, SEs continue to be voluntary promoted by groups of citizens
- as non-market assets that are made available to social enterprises

Key factors explaining the growth of SEs in Italy

Acknowledgment of social enterprises

- legal recognition: in 1991 Law 381 recognized social cooperatives *ex-post*
- intense research activity, important:
 - ✓ to assess the importance/impact of the sector
 - ✓ for lobbying purposes
- public contracting
 - ✓ contributed to create new markets
 - ✓ recognized the entrepreneurial character of the new initiatives

Key factors explaining the growth of SEs in Italy

Decentralization

- in 1990 transfer to the regional and local administrations of:
 - ✓ responsibility of delivering social services
 - ✓ possibility to delegate the provision of these services to private providers

Key factors explaining the growth of SEs in Italy

Beneficial tax arrangements

- the added value of social enterprises is recognised in Italy in both its laws and Constitution
- most fiscal incentives are embedded in the law on social cooperatives
 - ✓ A type social coops charge nil rate or 4% VAT
 - ✓ disadvantaged members integrated by B type social coops are exempted from payment of national insurance contribution

Key factors explaining the growth of SEs in Italy

Multi-stakeholder membership

- mix of members not compulsory
 - ✓ 69.7% of Italian SEs have a multistakeholder membership
 - ✓ 33.8% of SEs have a multistakeholder governance
- the main model consists in memberships involving volunteers and workers (37.9%)

European Social Funds

- Now; Integra; Horizon; Youthstart; Equal; Progress...

Consequences...

- Social enterprises provide between 70 and 80% of social services
- 67% of the revenue of Italian social cooperatives derives from local public authorities (71% for A-type and 54% for B-type social coops)

Development trends

- social coops are not the only type of organisations engaged in social service provision
- voluntary organisations are increasingly engaged in the stable provision of services
- hundreds of new operating foundations have been created

Development trends

The growth experienced by social coops and other types of organisations has progressively made evident that:

- the social enterprise form was also suited to provide community services other than social and educational ones
- the cooperative form was no longer suitable to manage some of these new activities

Development trends

- Following pressure on the Parliament to introduce a more general Law on **Social Enterprise**, a new law approved in 2005-2007. It:
 - ✓ allows to establish SEs through a plurality of legal forms (association, foundation, cooperative, shareholder company)
 - ✓ enlarges the set of activities of SEs
- At the moment 601 social enterprises are registered (March 31, 2010)

Contribution of social enterprises

- Important contribution of social enterprises to innovation:
 - ✓ new services to satisfy new needs
 - ✓ innovative “production process”, replacing bureaucratic and hierarchical forms with participatory ones
 - ✓ conventional conception of enterprise challenged
 - ✓ new conception of social services

Closing remarks

- The Italian experience corroborates the importance of:
 - Adequate legal/fiscal framework for social enterprises
 - Networking within and among the families of the social economy
 - Supporting policies (ESF)
 - Research