



# **A map of social enterprises and their eco-systems in Europe**

## **Country Report: Italy**

**European Commission**

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## Headline summary

### Definition(s) and concepts

The term social enterprise was first used in Italy in the 1980s. The term referred to the innovative private initiatives established by volunteer groups with the aim of delivering social services or facilitating the integration of disadvantaged people in the labour market. These initiatives were initially set up using existing non-profit legal forms, but obtained their own distinct legal identity when the **Act on Social Cooperatives** was passed in 1991 (Law no. 381/1991).

In order to promote pluralism in the production of social utility goods and services and a diversification of sectors of activity, a legal category of 'social enterprise' was introduced in 2005 with the adoption of the **Law on Social Enterprises** (Law no. 155/2006).

Despite there being a legal framework for social enterprise, research centres, public bodies and academics often refer to different 'constructs' when talking about social enterprise: in some cases, reference is made only or mainly to social cooperatives, while in other cases the concept of social enterprise covers a wider range of organisations operating in the non-profit sector.

### Policy and legal framework

There are two main policy areas at a national level which support the development of the non-profit sector, including social enterprises: (i) active labour market policies and (ii) social inclusion policies. Interventions in these areas include the introduction of a favourable legal framework and fiscal treatment for organisations pursuing a social aim.

Italy is one of the few countries with a law on social cooperatives (legal form) as well as a law on social enterprises (legal status):

- The Law on Social Cooperatives (1991) created a new form of cooperatives. In contrast to traditional co-operatives who are primarily oriented towards serving the interest of their members, social cooperatives pursue social or general interest aims. The law distinguishes between social cooperatives providing social, health and educational services (defined by law as type A social cooperatives) and social cooperatives integrating disadvantaged persons into jobs (type B social cooperatives).
- The Law on Social Enterprises (2006) provides a legal definition of social enterprise and specifies the criteria that an organisation must comply with in order to be legally recognised as a social enterprise. It does not create a new legal form, but a legal status or 'label' which all eligible organisations can obtain regardless of their ownership or organisational structure. Eligible organisations could in theory be traditional cooperatives, social cooperatives, investor-owned firms (i.e. share companies) or traditional non-profit firms (i.e. associations and foundations).

### Public support and initiatives

Italy has a relatively rich, well developed and diverse ecosystem for social enterprises as compared to other European countries. Several public support measures and initiatives have been developed by authorities at local level (provinces and regions) and national level.

### Networks and mutual support mechanisms

Networks and mutual support mechanisms are well established in Italy. Social cooperatives often group together in local consortia to be effective in the market place. The consortia are in turn linked together in national federative bodies.

### Marks, labels and certification systems

There are no marks, labelling schemes or certification systems for social enterprises in Italy. There are, however, systems for social reporting which are specifically targeted at social enterprises ex lege and social cooperatives.

## Social investment markets

Italian social cooperatives and social enterprises ex lege rely largely on their own financial resources. Recent developments of the Italian ecosystem include the availability of specialist support and infrastructure for social enterprises and a growing social investment market.

## Spectrum of social enterprise

There are two legally recognised forms of social enterprise: social cooperatives and social enterprises ex lege. These legally recognised and therefore institutionalised forms of social enterprise do not capture the de facto universe of social enterprises in Italy which also includes:

- Non-profit organisations pursuing social aims and oriented towards productive activities; and
- Other organisations (e.g. traditional cooperatives and mainstream enterprises) which perform activities of production and/or exchange of goods and services of social utility while pursuing objectives of general interest.

## Scale and characteristics

It is estimated that there are roughly 35,000 social enterprises in Italy that fully meet the criteria laid out by the EU operational definition, representing 0.8 per cent of the total business population. Social cooperatives and social enterprises ex lege capture only a third of Italy's estimated social enterprise population. Additionally, organisations demonstrating the characteristics of social enterprises can be found among associations, foundations, cooperatives and mainstream enterprises.

Social cooperatives are the most important form of social enterprise in Italy, representing approximately a third of the stock of social enterprises. The main activities undertaken by social cooperatives include:

- The provision of social services in the fields of social care and civil protection;
- Economic development and social cohesion (this includes “type B” or “working integration social cooperatives”);
- Health; and
- Education and research.

## Factors constraining the start-up and development of social enterprise

The barriers and challenges to the growth and development of social enterprises in Italy can be summarised as follows:

- The spending reviews implemented by the Italian Government in response to the economic crisis have reduced the availability of public resources in sectors that are fundamental for social enterprises, such as the sector of welfare. This in turn has reduced the opportunity for expansion of social enterprises as far as public sector demand is concerned. On the other hand, it creates the drivers for social enterprises to diversify into new markets (private demand) and to become more innovative;
- Delays in payments for the services delivered to public administrations affecting sustainability of social enterprises;
- Growing competition from for-profit companies in some markets traditionally served by social enterprises; and
- Difficulty in attracting effective managers to develop further their business due to lower salaries offered by social enterprises as compared to other sectors of the economy.

## 1 Concepts and ideas of social enterprise in Italy

The term social enterprise was first used in Italy in the 1980s, to refer to the innovative private initiatives established by volunteer groups to deliver social services or to facilitate the integration of disadvantaged people in the labour market. These initiatives were initially set up using existing non-profit legal forms (associations, foundations or cooperatives<sup>1</sup>), but obtained their own distinct legal identity when the **Act on Social Cooperatives** was passed in 1991 (Law no. 381/1991) – see Box 1.

The law on social cooperatives adapted the existing cooperative form, allowing these organisations to *'pursue the general interest of the community in promoting personal growth and in integrating people into society by providing social, welfare and educational services and carrying out different activities for the purposes of providing employment for disadvantaged people'* (Law 381/1991 art.1).

The law distinguishes between two types of social cooperatives:

- Social cooperatives supplying social, health and educational services (defined by law as **type A social cooperatives**); and
- Social cooperatives integrating disadvantaged groups<sup>2</sup> into the labour market (**type B social cooperatives**).

### Box 1 The emergence and institutionalisation of social cooperatives

At the beginning of 1970s, there were relatively few non-profit organisations in Italy and they were primarily involved in advocacy functions (mainly for the benefits of their members). There was little scope for non-profits to engage in economic activity – they could only do so either as part of the public sector or in a manner that was highly dependent on the public authorities.

Towards the end of 1970s – against a backdrop of an ageing population, the declining role of family, and emergence of new social needs (e.g. the prevention and treatment of drug abuse, immigration, high unemployment and homelessness) - innovative forms of not-for-profit organisations began to surface to fill the gaps in the Italian welfare system<sup>3</sup>. Many of these organisations were initially established as associations (and were largely based on voluntary work), but the use of the cooperative form quickly became more popular, especially in the field of work integration<sup>4</sup>. This new phenomenon defined itself as the 'social solidarity cooperatives' and began lobbying for legal recognition of its distinct characteristics.

<sup>1</sup> Cooperatives in Italy are considered quasi-non profit organisations. Cooperatives in the traditional sense, serve the mutual interests of their members. However, the cooperative movement in Italy has throughout its history also assigned itself a role in the broader community; and this aspect of cooperative philosophy had been recognized in the Italian Constitution of 1946, which provided that cooperatives may have a social or community function and must observe a profit distribution constraint.

<sup>2</sup> Namely, physical or mental invalids, present or former psychiatric patients, drug addicts, alcoholics, young workers from troubled families, and criminals subject to alternatives to detention

<sup>3</sup> It was mainly orientated towards the redistribution of resources rather than the provision of services. Social services provided by public administrations were limited to education, healthcare and emergency services, and were not always able to meet citizens' requirements in terms of quality and personalisation of services.

<sup>4</sup> Until 1991, the Italian Civil Code, instituted in 1943, separated associations, foundations and committees (which were regulated by Book I of the Civil Code) from enterprises (which were regulated in Book V of Civil Code, including cooperatives). While the former pursued "ideal" objectives (and therefore, organisations with non-profit legal forms could not economic activities as their primary function), the latter was designed only to pursue the private interests of the entrepreneur, or in the case of cooperatives, only or mainly the members. In order to acquire a legal personality, organisations needed to register in accordance with the conditions described under the code. To make the Courts and the public offices, who were keeping the register of co-operatives accept these new co-operatives, their advocates emphasised the contradiction between the Civil Code, which recognised the principle of mutuality for cooperatives, and the Constitution, which – 1946 onwards - recognized the social aim of cooperatives.

Meanwhile, in 1990 the Government decentralized the system of social welfare, transferring the responsibility for delivering social services to regional and local administrations. It also opened the market of social services, allowing private providers to compete for service provision.

The subsequent legal reforms in the early 1990s and onward specifically recognized the concept of public benefit organizations and provided these organisations with tax reliefs and other benefits. Legal reforms also provided a formal recognition to existing social cooperatives by introducing a distinct legal form for these organisations. This reform process laid the groundwork for the development of social enterprises in Italy.

In order to promote pluralism in the production of social utility goods and services and a diversification of sectors of activity<sup>5</sup>, a legal category of 'social enterprise' was introduced in 2005 with the adoption of the **Law on Social Enterprises** (Law no. 155/2006). The Law on Social Enterprises does not create a new legal form or a new type of organisation, but allows an organisation to be legally recognised as a social enterprise regardless of its legal form, provided it complies with the following criteria:

- It is a private legal entity;
- It engages in regular production and exchange of goods and services having "social utility" and seeking to achieve public benefit purpose, rather than generate a profit (an organization is considered a social enterprise if it generates at least 70 per cent of its income from entrepreneurial activities i.e. production and exchange of goods and services having social utility); and
- The enterprise can make profit but cannot distribute it to its members or owners (non-distribution constraint). Profits have to be reinvested to further its main statutory (public benefit) goal, or to increase its assets.

In addition, a social enterprise needs to respect some good governance principles such as transparency, openness and participatory decision-making.

As compared to the social cooperative legal form, the social enterprise legal category covers a wider range of activities, namely: 1) welfare; 2) health; 3) social care; 4) education, instruction and professional training; 5) environmental and eco-system protection; 6) development of cultural heritage; 7) social tourism; 8) academic and post-academic education; 9) research and delivery of cultural services; 10) extra-curricular training; 11) support to social enterprises.

Despite there being a legal framework for social enterprise, research centres, public bodies and academics often refer to different 'constructs' when talking about social enterprise: in some cases, reference is made only or mainly to social cooperatives (this is the case, for example, with the surveys on the financial needs of social cooperatives conducted by UBI Banca and the Italian Association for the promotion of the Culture of Cooperation and Non-profit, AICCON), while in other cases the concept of social enterprise covers a wider range of organisations operating in the non-profit sector (for example, the data collected by the National Institute for Statistics, Istat).

Additionally, an operational definition of social enterprise has been developed by the Iris Network, the national network of research institutes on social enterprises. This operational definition covers two broad categories of undertakings (Venturi and Zandonai, 2012a):

- **Officially recognised social enterprises:** this group of undertakings includes two sub-categories:
  - Social cooperatives; and
  - Social enterprises ex lege.

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<sup>5</sup> There are legal restrictions on the activities that social cooperatives can engage in.

- **Social enterprise potential**, i.e. organisations demonstrating the defining characteristics of a social enterprise, but falling outside the legal frameworks for social enterprises or social cooperatives. When referring to this broader group of organisations, the Iris Network also adopts the term “social entrepreneurship”. This group includes the following sub-categories:
  - Non-profit organisations pursuing social aims and oriented towards productive activities; and
  - Mainstream enterprises which declared to perform activities of production and exchange of goods and services of “social utility” while pursuing objectives of “general interest” and also comply with a non-profit distribution constraint.

## 2 The ecosystem for social enterprise in Italy

### 2.1 The policy and legal framework for social enterprises

The Ministry for Employment and Social Policies is responsible for supervising the activities of the non-profit sector, including social enterprises. There are two main policy areas at a national level which support the development of the non-profit sector, including social enterprises: (i) active labour market policies and (ii) social inclusion policies. Interventions in these areas include the introduction of a favourable legal framework and fiscal treatment for organisations pursuing a social aim.

As explained in section 1, the Italian legislation provides for a ‘social enterprise ex lege’ status that can be obtained by any organisation fulfilling the criteria set by the law. Alongside the social enterprise status, Italy also has a specific legal form for social cooperatives. Annex 1 provides a comparative overview of the two laws: law on social enterprise (Law no. 155/2006) and the law on social cooperatives (Law no. 381/1991).

It is worth mentioning here that the law does not grant any specific fiscal benefits to social enterprises ex lege. However, social cooperatives benefit from favourable tax conditions. Depending on their characteristics, social cooperatives are either exempt from the payment of corporate income tax or a reduced rate applies. These benefits can be summarised as follows (Di Diego, 2011 and 2012):

- Case 1: the salaries of the cooperative’s members represent at least 50 per cent of all the other costs incurred by the organisation, excluding the costs for raw materials and auxiliaries materials. In this case, the cooperative is exempt from the payment of the corporate income tax.
- Case 2: members’ salaries represent at least 25 per cent of the other costs, excluding the costs for raw materials and auxiliaries materials. In this case, the benefits consist in the application of a reduced tax rate (50 per cent of the ordinary tax rate<sup>6</sup>) and favourable conditions for the calculation of the taxable income (for example, 90 per cent of the profits going into reserves are not taxed).
- Case 3: members’ salaries represent less than 25 per cent of other costs. This case is analogue to case 2, with the exception that the ordinary tax rate applies (rather than a reduced tax rate).

Additionally, social co-operatives defined as “type B” or “working integration social enterprises” are exempted from national insurance contributions for the disadvantaged workers employed. There are tax exemptions for private donations to social co-operatives and non-profit organisations

Social cooperatives also benefit from a reduced value added tax (VAT) rate for the health, social and educational services offered: the rate currently applied is the minimum rate of 4 per cent, as compared to the reduced 10 per cent rate applied in other areas, such as the offer of touristic services, and the ordinary rate of 21 per cent.

When the law on social cooperatives was passed, it granted social co-operatives the status of preferred providers in local authority procurement. While this has subsequently been challenged, an exemption for “type B” social co-operatives was agreed with the European Commission, which allows local authorities to enter into direct agreements with them for contracts up to €300,000.

At a sub-national level, many regional and local authorities have designed support schemes specifically targeting social enterprises. These are described in section 2.2.

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<sup>6</sup> Which is 27.5 per cent

## 2.2 Public support schemes targeting social enterprises

This section identifies and describes:

- The main publicly funded support schemes designed specifically for social enterprises and /or targeting social enterprises; and
- The role of ERDF and ESF in supporting and promoting social enterprise.

An overview of the existing schemes is provided in Table 2.1.

**Table 2.1 Overview of publicly funded schemes specifically designed for or targeting social enterprises**

Support type	Are there any schemes specifically targeting social enterprises?	Are any of these schemes funded by ERDF/ ESF?
Awareness raising (e.g. award schemes, communication, advocacy )	✓	✓
Social entrepreneurship education (e.g. academic courses)	✓	X
Pre-start / start-up support e.g. <ul style="list-style-type: none"> <li>▪ Business support e.g. mentoring, consultancy, coaching etc.</li> <li>▪ Grants</li> <li>▪ Infrastructure e.g. incubators</li> </ul>	✓	✓
Grants and business support for established enterprises (e.g. business planning, management skills, marketing, training and coaching etc.)	✓	✓
Investment readiness support	✓	✓
Dedicated financial instruments (e.g. loans, guarantee schemes, social impact bonds etc.)	✓	✓
Physical infrastructure (e.g. shared working space)	✓	✓
Collaborations and access to markets	✓	X
Networking, knowledge sharing and mutual learning initiatives	✓	X

Regional measures in support of social cooperatives include the *Fertilità* project and the *Oasis* fund (Table 2.2). A study conducted for the European Commission (KMU Forschung Austria, 2007) also identified one regional programme called '*Sostegno alle imprese sociali*' as a relevant financial support measure for social enterprises in Italy.

Additional examples of the most relevant public initiatives of support as reported by social enterprises and networks consulted for this study are as follows:

- *Piccoli sussidi Puglia* ('small subsidies Apulia');
- Fondo di garanzia e finanziamenti a tasso agevolato a favore delle cooperative sociali ('Guarantee fund and low rate financing for social cooperatives');
- Intervento 18, or Contributi alle cooperative sociali per inserimento lavorativo ('Grants for social cooperatives in support of job placement');
- *Start-up di imprenditoria sociale* ('Start-up for social entrepreneurship');

- *Global grant ESPRIT3.*

The key characteristics of the identified examples of social enterprise support initiatives are summarised in Table 2.2. Additional information on these schemes can be found in Annex 3.

**Table 2.2** Examples of support initiatives

Name of initiative	Geographical scope	Description
<i>Fertilità project (competition notices published in 2001 and 2006)</i>	National	The project was launched in 2001 by the National Agency for Inward Investment Promotion and Enterprise Development in cooperation with the Ministry of Labour and Social Policy. The project supports the start-up of social cooperatives through the provision of training, consultancy services and coaching by established social cooperatives or consortium of cooperatives
<i>Oasis fund (competition notices published in 2001 and 2007)</i>	National	Oasis was managed by two non-profit organisations ('Fondazione Europa Occupazione' and 'Compagnia Sviluppo Imprese Sociali') and involved funding from the European Regional Development Fund. The project targeted small and medium-sized social cooperatives (Type A and Type B). The forms of support included equity loans and funding for the acquisition of goods and services.
<i>Start-up di imprenditoria sociale (ongoing)</i>	National	This initiative has been launched by the national union of chambers of commerce, 38 chambers of commerce at local level and Universitas Mercatorum, the university promoted by Italian chambers of commerce. The initiative, targeting social enterprises, aims at providing support for up to 450 start-ups. The chambers of commerce's objective is to provide start-ups with free planning and technical support services.
<i>Sostegno alle imprese sociali (2000 – 2006)</i>	Regional	This initiative was introduced by the Emilia Romagna region and it ran between 2000 and 2006. The aim of this initiative was to promote projects for social inclusion and employment of disadvantaged people. The initiative supported micro-enterprises by financing investments for growth and innovation. The project targeted social cooperatives.
<i>Piccoli sussidi Puglia (2007 – 2013)</i>	Regional	This measure, promoted by the Puglia region, targeted a wide range of non-profit organisations, including legally recognised social cooperatives and social enterprises, NGOs and associations. The initiative focused on three main areas of intervention: (i) the development of existing organisations through technological innovation and improvement of the quality of the services provided; (ii) the support of the starting-up of new organisations; and (iii) the support of long term social inclusion in the labour market. The initiative was developed through the support of the European Social Fund 2007-2013 and aimed at providing grants in support of a range of activities, including the start-up of social enterprises and technological innovation.
<i>Fondo di garanzia e finanziamenti a tasso agevolato a favore delle cooperative sociali (ongoing)</i>	Regional	This initiative, launched in August 2013 by the Piedmont region, supports social enterprises through the provision of guarantees for investments and low rate financing. For the purposes of this fund, social enterprises are identified through the legal form of social cooperative.
<i>Global grant ESPRIT3 (ongoing)</i>	Regional	This grant, promoted by the Tuscany region, aims at supporting projects for social inclusion of disadvantaged and disabled people through the provision of funding opportunities for projects developed by organisations operating in the sector of services.
<i>Intervento 18 (ongoing)</i>	Provincial	This initiative was initially launched by the local province of Trento in the late '90s under the name 'Azione 9'; it was renamed 'Intervento

Name of initiative	Geographical scope	Description
		18' in 2012. The initiative aims at supporting the employment and social inclusion of disadvantaged and disabled workers through the provision of subsidies to social cooperatives. Subsidies are in the form of partial coverage of the costs borne by the cooperative to pay disabled or disadvantaged workers, to pay tutors and to promote workers' inclusion in the labour market.

Sources: see Annex 3

In 2013, the Isnet association published the results of a survey conducted on a sample representative of over 1,000 social enterprises (including associations, foundations, social cooperatives and legally recognised social enterprises). The survey aimed at investigating the importance and probability of implementation of possible future measures to be introduced by the Italian government that would support the development of social enterprises. Consultees indicated that the most relevant support measure would be the maintenance of the current minimum value added tax rate applied to social cooperatives: the current rate is 4 per cent. Other initiatives which received a high score in terms of importance (more than eight in a one to ten scale) are:

- To adopt of specific clauses for social enterprises in public procurement;
- To restore the regional social funds, i.e. funds allocated by regional authorities in order to support social initiatives at local level<sup>7</sup>; and
- To give incentives to innovative experience of self-organisation of the non-profit sector.

The full results of the survey are reported in the table below.

**Table 2.3 The importance and probability of implementation of enabling measures (one to ten scale: higher numbers indicate larger importance)**

Measure	Importance	Probability of implementation
Maintain the 4 per cent value added tax rate for social cooperatives	9.03	5.67
Promote clauses for social enterprises in public procurement	8.62	4.85
Restore the regional social fund	8.27	4.12
Give incentives to innovative experience of self-organisation of the non-profit sector	8.05	4.07
Reduce the value added tax rate on sustainable consumption	7.91	3.37
Introduce grants and incentives for social enterprises ex lege	7.73	3.93
Stabilise tax donations ('5 per mille') so that the	7.70	5.27
Reform and strengthen the legislation on the realisation of an integrated system for social services (Legge quadro per la realizzazione del sistema integrato di interventi e servizi sociali, n° 328 of 2000)	7.10	3.73
Abolish the € 70,000 cap on the deductibility of	5.81	3.38

<sup>7</sup> Some regions, such as Lombardy, declared the reduction of the total amount of funding at the beginning of 2011 and 2012 as compared to the amounts allocated in 2010. In some cases, however, funds have been restored in the course of the year through the provision of additional funding (Lombardia Sociale, 2012).

Measure	Importance	Probability of implementation
donations		
Allow for favourable tax regimes to cover not only workers with a permanent contract, but also those with a fixed-term employment contract working in the non-profit sector ('contratti a progetto')	5.63	3.30

Source: Isnet, 2013

### 2.2.2 Good practice in the support of social enterprises

Consultees for this study explained that close cooperation with public authorities represents one of the main best practices in the development and implementation of support initiatives for social enterprises. Cooperatives explained that they need to interact with public officers who have a good knowledge of the peculiarities of the social enterprises' sector and who are involved in the delivery of the project itself.

As stated by the European Confederation of Workers' Co-operatives (CECOP), the cooperation between social enterprises and the public sector has been one of the key strengths of the 'Intervento 18' initiative promoted by the Trento province (Il Trentino, 2011). Borzaga and Depedri (2013) estimated that 'Intervento 18' generates savings for the public sector of €6,000 per disadvantaged worker per year. Borzaga and Depedri's estimation consider both the costs for the public sector (including subsidies granted by the State to the cooperatives) and the benefits in terms of decreasing costs for the public sector. Decreasing costs for the provision of social and healthcare services are achieved through a better health and higher social inclusion of disadvantaged workers. The relevance of cooperation has also been confirmed by a peer review of the 'Intervento 18' initiative. The peer review identified the following best practices (Social Entrepreneurship Network, 2013):

- *Monitoring efficiency and effectiveness of the action:* subsidies are assigned after an attentive evaluation of:
  - the cooperative's annual strategic plan;
  - economic sustainability of the organization;
  - coherence among the entrepreneurial activity and the work integration aims;
  - the relationship between ordinary and disadvantaged workers;
  - the methodologies used to integrate and train disadvantaged people;
  - the investment in supportive figures like tutors and the social responsible;
- *Cooperation and co-planning:* the Local Agency of Employment of the Trento province participates in the planning of the financed projects with the social enterprise and with some local social services. For example, the Agency may cooperate in the identification of vulnerable people to be integrated and of possible partners for the hiring of trained disadvantaged workers. The Agency is also responsible for the annual monitoring and an ex-post evaluation of the results achieved by the supported projects.

It should be added that the above mentioned best practices have been developed in an environment characterised by a long tradition of interaction and cooperation between cooperatives, their networks and local authorities, and where a specific and well established legal framework for social enterprises is in place. These factors, typical of the Italian context, may affect the replicability of such best practices at an EU level.

### 2.3 Other specialist support and infrastructure available to social enterprises

In Italy, a number of non-public forms of support are also available to social enterprises. These initiatives have been developed both within the social enterprise sector (section 2.4) and the financial sector (section 2.6).

## 2.4 Networks and mutual support mechanisms

Networks of social cooperatives are well established in Italy. Social cooperatives often group together in consortia to be effective in the market place. The consortia play a fundamental role in the development of social co-operatives, supporting, advising and sometimes directly participating in the development of new business opportunities. For example, the creation of a national federation for social cooperatives in the late 1980s (*Confcooperativa-Federsolidarietà*) has played a key role in the institutionalisation of social cooperatives in Italy. The federation's objectives were to promote the development and consolidation of social enterprises by raising awareness of the general public and policy makers (Borzaga and Ianes, 2011).

Consortia of social enterprises are funded with membership fees and act at local and national level providing the following types of support for the start-up and growth of social enterprises (Cvejić, 2013):

- Regional identification, economic cooperation and training;
- Good practice exchange and trade union representation; and
- Strategic planning, management, capacity building programs, joint projects and access to international experience.

Additionally, networks/consortia have their own funds to invest in the development of new social enterprises.

The consortia are in turn linked together in national federative bodies. The most significant of these is called CGM, which brings together 78 territorial consortia, involving over 1,000 individual social cooperatives.

In addition to the CGM, several of the social enterprises consulted for this study were part of the 'Idee in rete' consortium, representing 450 social cooperatives across twelve Italian regions. This consortium undertakes a number of activities in support of cooperatives, including support for knowledge sharing, general contracting and fund raising.

Relevant confederations and associations cited by the social enterprises consulted for this study were:

- The confederation '*Confcooperativa-Federsolidarietà*' (which counts, amongst its members, over 5,700 social cooperatives) and the association '*Legacoopsociali*' (about 2,250) are the national organisations providing political representation, advocacy and trade union support for social cooperatives; and
- The association '*Impresasociale.net*' (*Isnet*) which provides an online platform for the exchange of best practices, organises meetings and offers legal support to over 1,000 social enterprises.

Networks at a local level also play a fundamental role in the social enterprises eco-system: as explained by the interviewees, one of the key objectives of local consortia is to act as a 'general contractor' for participation in public bids for services. The consortium concludes agreements for the supply of services to public administrations on behalf of its members. This allows small organisations to access procurement opportunities which include requirements that individual organisations would not be able to satisfy due, for example, to the limited size of the enterprise, or to the absence of the skills and capacity required.

Consortia also are able to negotiate collective discounted interest rates on loans from financial institutions. The consortia may even act as guarantors for bank loans or for contract delivery.

## 2.5 Marks, labels and certification schemes

There are no specific marks or certification schemes for social enterprises in Italy, although different forms of certification are in place for the quality of the social services provided (for

example, the quality of social welfare and educative services offered can be certified according to International Organization for Standardization (ISO) standard 9001:2000).

There are, however, systems for social reporting which are specifically targeted at social enterprises *ex lege* (although not legally obliged to do so, social cooperatives widely make use of social reporting). In 2011 the Italian Government approved and published the national guidelines for social reporting for the non-profit sector prepared by the Ministry for Employment and Social Policies (Agenzia per il Terzo Settore, 2011). The guidelines provided a framework for the compilation of the social report ('bilancio sociale', or social balance sheet) and expanded a synthetic scheme for social reporting previously established (Implementing Decree of 24 January 2008 for the Legislative Decree n° 155/2006).

The social report is a document which should represent and testify the pursuit of the goals of common interest by the social enterprise *ex lege*. This type of reporting is generally voluntary; it is mainly used by larger cooperatives and can follow guidelines defined by public administrations at local, regional and national level.

However, the compilation of a social balance sheet is mandatory for some organisations, including:

- **Social enterprises *ex lege***; and
- **Social cooperatives** for which mandatory requirements on social reporting have been established by regional administrations.

The main features of the social report are summarised in Table 2.4.

**Table 2.4 Overview of the social reporting system in Italy**

Name of scheme	<i>'Bilancio sociale'</i> (social report) <a href="http://www.lavoro.gov.it/md/AreaSociale/AgenziaTerzoSettore/Documents/Linee_Guida_Bilancio_organizzazioni_nonprofit.pdf">http://www.lavoro.gov.it/md/AreaSociale/AgenziaTerzoSettore/Documents/Linee_Guida_Bilancio_organizzazioni_nonprofit.pdf</a>
Managing and delivering authority	Ministry for the employment and social policies
Years of operation	2011 - present
Geographical scope of the scheme	National <sup>8</sup>
Aims and objectives of the scheme	<ul style="list-style-type: none"> <li>▪ Report to stakeholders on the achievement of the organisation's social mission;</li> <li>▪ Allow third parties to evaluate the strategies and objectives of the organisation; and</li> <li>▪ Support the internal reporting system and a more efficient management of the organisation.</li> </ul>
Criteria for participation	All non-profit organisations
Links to social mission	<p>The social mission is defined by the relevant legislation, for example:</p> <ul style="list-style-type: none"> <li>▪ Law no. 381/1991 on social cooperatives: provision of social, health and educational services and provision of employment for disadvantaged people.</li> <li>▪ Legislative Decree n° 155/2006 on social enterprises: production and exchange of social services and goods in the sectors of welfare, health, education, environmental protection, etc.</li> </ul>
Costs	Social enterprises bear the costs for the preparation and eventual certification of the social balance sheet. According to a study by the Turin Chamber of Commerce (Osservatorio sull'economia civile Camera di Commercio di Torino, 2010), the person responsible for social reporting within a social cooperative may take between 50 and 160 hours of work

<sup>8</sup> Regional and local guidelines are also available.

	for the preparation of a social balance sheet.
Scope and requirements	<p><u>Scope:</u></p> <ul style="list-style-type: none"> <li>▪ Identification of the mission of the organisation;</li> <li>▪ Areas of activity and related results at social, economic and environmental level;</li> <li>▪ Mechanisms of stakeholders' involvement.</li> </ul> <p><u>Requirements:</u> <i>the social enterprise can provide a self-certification of the level of compliance with the national guidelines for social reporting. Non-profit organisations may also choose to be certified by an external auditor.</i></p>
Content of the scheme	Guidelines targeted at non-profit organisations and including 'essential' and 'voluntary' informational requirements.
Scale of participation	<ul style="list-style-type: none"> <li>▪ Produced by 70 per cent of social enterprises, but distributed to the users of the services provided by social enterprises by only 6 per cent of the organisations (Venturi and Zandonai, 2012a)</li> <li>▪ Most common form of social reporting adopted by consultees for this study</li> </ul>
Achievements of the scheme	According to a study by the Turin Chamber of Commerce (Osservatorio sull'economia civile Camera di Commercio di Torino, 2010), four out of five social enterprises compile and publish a social balance sheet with the primary objective of communicating to members of the social cooperatives on the results and achievements of yearly activities.
Impact measures adopted	Impact measures vary depending on the activity developed and may include the number of disadvantaged persons employed or supported by the organisation or the environmental impacts of its activities.
Evaluative evidence	Not available

## 2.6 Social investment markets

This section provides an overview of the current state of play of the Italian social investment market.

### 2.6.1 Self-financing and ordinary credit market

Italian social cooperatives and social enterprises *ex lege* rely largely on their own financial resources: it is estimated that about 70 per cent of these organisations are mainly self-funded (Venturi and Zandonai, 2012a). The main sources of self-financing are the contributions from cooperative's members and the surpluses resulting from business activities; these surpluses are accumulated through indivisible reserves, i.e. reserves that cannot be distributed to members.

Additionally, according to a survey carried out in 2012 (UBI Banca and AICCON, 2013), about 37 per cent of social cooperatives declared they planned to make investments in 2013, and 26 per cent of them (or less than 10 per cent of all social cooperatives, including those who expected to make investments) declared they would rely on public finance

In 2012, the five largest banking groups in Italy covered close to 47 per cent of the bank lending to social cooperatives (Venturi, 2013); other large, small and medium-sized banks covered about 38 per cent of the lending, followed by the Cooperative Credit Banks (Banche di Credito Cooperativo, BCC) responsible for about 16 per cent of the lending. Foreign banks provided less than 1 per cent of the loans (Gobbi, 2012).

As reported by the Italian Central Bank, over the period 2007-2010 social cooperatives have been offered favourable credit terms by Italian banks for the following reasons:

- A large proportion of social cooperatives operate in a sector, i.e. the provision of products and services to public institutions, which is less affected by the economic situation as compared to enterprises operating in private markets. It is estimated that 45

per cent of social enterprises in Italy have public bodies as their main clients (Venturi and Zandonai, 2012).

- The relatively small size of the majority of social cooperatives allows for the diversification of risks.
- Overall, social cooperatives have shown a low level of risk for investors, with the exception of some larger operators.

## 2.6.2 The supply of finance from specialist providers

Over the last few years, the financial market has developed innovative instruments for social finance. These instruments include impact investing, social impact bonds (see Box 3) and social venture capital (Venturi, 2013). There are:

- Financial actors providing funds in support of ordinary activities undertaken by social enterprises, such as the acquisition of goods and services (these actors include, for example, Banca Etica and Banca Prossima); and,
- Actors investing in social enterprises (including Oltre Venture – see Box 4).

The following are among the main specialist instruments and financial intermediaries mentioned by the social enterprises and the social enterprises' networks consulted for this study:

- **Banca Etica:** created in 1999, Banca Etica represents the first institution of ethical finance in Italy. It originated from a previous initiative of self-funding developed by an association of cooperatives and targeted at socially oriented projects. It offers credit to organisations operating in social areas such as welfare and education, and developed special conditions for the access to finance that are customised to the needs of social enterprises. In 2012, Banca Etica had over 35,000 clients, financed 5,280 organisations and 2,943 individuals, with a total amount of financing of € 619 million at the end of 2013 (Banca Etica, 2013).
- **Banca Prossima:** the bank was created in 2007 by the Intesa Sanpaolo banking group and represented the first European bank with the exclusive aim of providing financial support to social enterprises and other enterprises active in the non-profit sector (Intesa Sanpaolo, 2007). Similarly to Banca Etica, also Banca Prossima adopts a specific credit rating system for non-profit organisations. In 2012, Banca Prossima had about 22,000 non-profit clients and the total amount of finance provided was €1.5 billion (Banca Prossima, 2013). Additional information on the products and services provided by Banca Prossima is provided in Box 2 below.
- **UBI Banca's social bonds:** in 2012, UBI Banca and the CGM consortium introduced bonds with the objective of supporting the development of social enterprises and carrying out social projects which create value for the local communities. The total amount of bonds issued was €20 million; the deadline for the application for a loan was 31st October 2013, and loans may range from €15,000 to €500,000, with a maximum maturity of 60 months (UBI Banca, 2012). More information on the characteristics of social bonds is provided in Box 3 below.

### Box 2 Banca Prossima



Banca Prossima is specialised in providing financial support to social enterprises. The stated purpose of the bank is as follows:

*“ (...) the Company's purpose shall be the creation of social value, ensuring at all time the sustainability of its operations (...). The Company shall finance the most deserving non-profit initiatives aimed at providing services to individuals, disseminating culture and education, promoting access to and safeguarding the environment and the arts and providing access to credit and*

*employment.*

The bank defines social enterprises as legal entities operating in economic sectors of social utility and applying statutory limits to the distribution of profits. This includes both for-profit companies and non-profit organisations engaged in economic activities. Banca Prossima's statutory objective is the creation of social value, and the only potential barrier to the provision of finance to social enterprises is the economic or social unsustainability of the organisation.

The bank developed a rating system based on indicators which take into account the specificities of the non-profit sector, such as the social enterprise's governance structure, the mix between public and private customers, the internal forms of stakeholders' engagement and the fundraising ability.

The bank has introduced a series of innovative forms of funding and support services for social enterprises, including:

- Special bonds which can be transformed into low interest rate loans;
- Guarantee funds in support of activities and regions characterised by a high risk of investment; and
- A service called Terzo Valore ('Third Value') through which individuals and organisations can fund projects developed by the non-profit sector with the guarantee of the restitution of the capital invested.

According to the consulted representatives of Banca Impresa, the most efficient forms of financial support for social enterprises need to be based on innovative forms of cooperation between different actors, including private investors, public administrations, banks, foundations and social enterprises. These innovative sources of finance would need to combine different financial instruments and forms of investment, such as loans, social bonds, public administrations' guarantees, crowdlending, equity and donations. Stability in public policies in support of social enterprises is considered as an important factor in order to ensure the predictability of revenues.

*Source: information provided for this study by representatives of Banca Prossima*

### Box 3 Characteristics of UBI Banca and CGM's social bonds

The main objective of the social bonds is to support projects of public utility and social interest by granting medium to long terms loans to consortia, enterprises and social cooperatives.

The non-profit organisations and groups which can benefit from these social bonds must:

- Constitute a significant presence in local communities;
- Operate in a sector of social interest, such as infancy, education, the elderly, new poverties, health or the environment;
- Demonstrate operational efficiency, good creditworthiness and steady cash flows; and
- Have a strong social impact.

The bonds issued are of five different types: "zero coupon", "fixed rate", "fixed rate step up / step down", "floating rate" and "mixed rate".

The loans, offered at competitive terms and conditions for amounts ranging from €15,000 to €500,000, will have a maximum maturity of 60 months and could be applied for until 31st October 2013.

*Source: UBI Banca, 2012a and 2012b*

New figures of venture capitalists specialising in social investment are also emerging: one key example is the venture philanthropy fund 'Oltre Venture', as explained in the box below (Venturi and Zandonai, 2012b).

### Box 4 Oltre Venture

'Oltre Venture' has been created in 2006 from a previously established foundation. It supports social venture capital investments and provides financing opportunities to organisations which aim at creating a positive social impact. For example, since 2009 it has supported the start-up and development of the medical centre Santagostino through an investment of € 2.12 million and

participating in 90 per cent of the organisation's equity.

As explained by the consulted representative from Oltre Venture, the presence of a social mission represents a key criterion for investment. Oltre Venture defines social enterprises as businesses which exist to address social or environmental need while adopting a profitable business model in order to be sustainable. The products and services provided in support of social enterprises include unsecured loans, equity and quasi-equity, pre-start business support, investment readiness support and investment structuring.

The response to the need for social investments also comes from experiences developed within the social cooperatives sector: for example, the CFI cooperative ('Cooperazione Finanza Impresa') operates with the objective of investing in social and worker cooperatives and is promoted by 270 cooperatives, the Italian Ministry for Economic Development and the Italian Agency for Investments Promotion and Enterprise Development (Invitalia). CFI provides equity funding to 70 Italian cooperatives and promotes the start-up, development and restructuring of enterprises. One of the requirements for obtaining funding from CFI is the legal form adopted: only social cooperatives or worker cooperatives can be supported (CFI, 2013).

### 2.6.3 The demand for finance

Based on the consultation undertaken for this study, social enterprises seek finance from different actors and sources, including 'traditional' banks, specialist financial intermediaries, foundations and public grants although self-funding represents the main source of investment in most cases.

In 2012, a sample of 250 social cooperatives took part in a survey aiming at investigating their financial needs (UBI Banca and AICCON, 2012). Key results of the study include the following:

- Most consultees (55 per cent of social cooperatives and 40 per cent of consortia) foresaw a decrease in the availability for grants, subsidies from public administrations and donations in 2013. The larger shortage is foreseen in southern regions.
- Different sectors were expected to be affected by decreased revenues, particularly the sectors of educational and training services for the private market (73 per cent of consultees foresee a decrease) and the offer of social and health care assistance services to the public sector (56 per cent).
- On average, each social cooperative used the services and/or products (such as requests for funds and online banking) of at least two credit institutions.
- About 50 per cent of social cooperatives did not believe that banks apply assessment methods that are tailored to non-profit organisations.

### 2.6.4 Market gaps/deficiencies

The main market deficiencies affecting social investment markets in Italy can be summarised as follows:

- The lack of financial instruments and services that are specifically targeted to the needs of social enterprises (Venturi and Rago, 2013).
- Information asymmetries affecting the relationships between social enterprises and investors: credit rating often is not customised to the characteristics of social enterprises, and a consequence of this is more expensive costs of financing (Venturi, 2013).
- A few large social cooperatives have been characterised by issues such as poor management which influenced their investment risk profile (Gobbi, 2012).

The results of investigations conducted by the observatory 'UBI Banca' on the financial needs of social enterprises in Italy include relevant information on the main factors affecting the access to finance gap, although no estimate is available on the value of the supply and

demand for finance. Key results of investigations conducted in 2012 include (UBI Banca and AICCON, 2012):

- About two out of three social cooperatives do not foresee investments for the year 2013 due to difficulties linked to the economic crisis; and
- About 37 per cent of social cooperatives foresee investments for 2013. Among these organisations, 43 per cent will rely on self-funding; 31 per cent will rely on finance from banks and the remaining 26 per cent on public finance.

## 2.7 Overview of the key actors in the social enterprise ecosystem

The table below provides a snapshot of the main actors involved in the social enterprise ecosystem. This should, however, not be seen as an exhaustive list.

<b>Policy makers - Governmental departments or institutions designing or implementing policy, support instruments and measures for social enterprises and infrastructures</b>	<ul style="list-style-type: none"> <li>■ Ministry for Employment and Social Policies</li> <li>■ Regional authorities</li> <li>■ Local authorities</li> </ul>
<b>Organisations promoting, certifying and awarding social enterprises labels</b>	<ul style="list-style-type: none"> <li>■ None identified</li> </ul>
<b>Institutions, civil society initiatives or other social enterprises promoting social entrepreneurship education and training, and presenting role models</b>	<ul style="list-style-type: none"> <li>■ Gruppo Cooperativo CGM</li> <li>■ Local Chambers of Commerce</li> </ul>
<b>Organisations that have the capacity act as an observatory and to monitor the development and to the assess needs and opportunities of social entrepreneurs/social enterprises</b>	<ul style="list-style-type: none"> <li>■ National Institute for Statistics (ISTAT CensimentoIndustriaServizi)</li> <li>■ National Network of Research Institutes on Social Enterprises (Iris Network).</li> <li>■ Association for the promotion of the Culture of Cooperation and Non-profit (AICCON)</li> <li>■ Italian Union of Chambers of Commerce (Unioncamere)</li> <li>■ Gruppo Cooperativo CGM</li> <li>■ UBI Banca Observatory (Osservatorio UBI Banca su "Finanza e Terzo Settore")</li> </ul>
<b>Providers of social enterprise start up and development support services and facilities (such as incubators)</b>	<ul style="list-style-type: none"> <li>■ Regional authorities</li> <li>■ CFI/Cooperazione Finanza Impresa</li> <li>■ 'Idee in rete' consortium</li> <li>■ See list of finance providers</li> </ul>
<b>Business support providers</b>	<ul style="list-style-type: none"> <li>■ CFI/Cooperazione Finanza Impresa</li> </ul>
<b>Facilitators of learning and exchange platforms for social enterprises</b>	<ul style="list-style-type: none"> <li>■ Association 'Impresasociale.net' (Isnet)</li> <li>■ 'Idee in rete' consortium</li> </ul>
<b>Social enterprise (support) networks, associations</b>	<ul style="list-style-type: none"> <li>■ Gruppo Cooperativo CGM</li> <li>■ Confcooperative</li> <li>■ Wide range of social cooperatives confederations and other networks at local level</li> </ul>
<b>Social Investment Financial Intermediaries</b>	<ul style="list-style-type: none"> <li>■ Banca Etica</li> <li>■ Banca Prossima</li> </ul>

	<ul style="list-style-type: none"><li>■ UBI Banca</li><li>■ Cooperative Credit Banks (Banche di Credito Cooperativo, BCC)</li><li>■ Oltre Venture</li></ul>
<b>Research institutions</b>	<ul style="list-style-type: none"><li>■ National Network of Research Institutes on Social Enterprises (Iris Network)</li><li>■ European Research Institute on Cooperative and Social Enterprises (EURICSE)</li><li>■ Association for the promotion of the Culture of Cooperation and Non-profit(AICCON)</li><li>■ Italian Union of Chambers of Commerce – research centre (Centro Studi Unioncamere)</li><li>■ Centrostudilegacoop</li></ul>

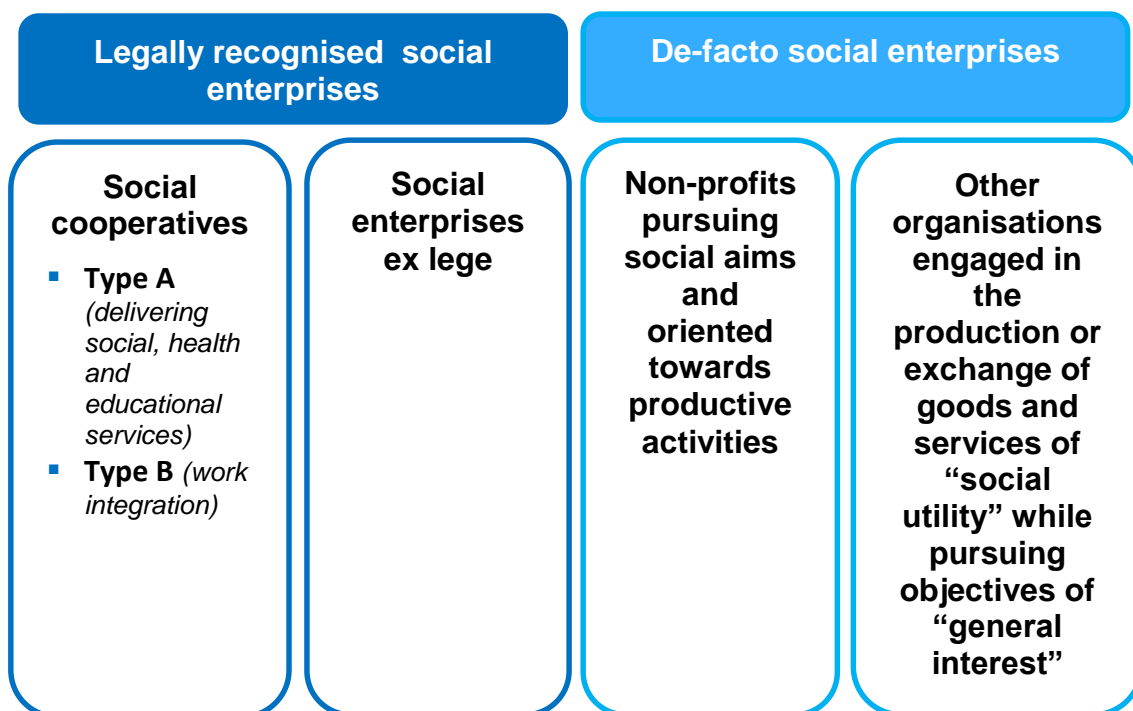
### 3 Mapping of social enterprise in Italy

This section maps the scale and characteristics of social enterprise in Italy. It also describes the role and activities of social enterprises in contemporary society and the key enabling factors and constraints influencing their development.

#### 3.1 The spectrum of social enterprise in Italy

Following on from the discussion in section 1, the following types of entities can be considered as social enterprises in the Italian context:

Figure 3.1 Spectrum of social enterprise in Italy



#### 3.2 Application of operational definition: determining the boundaries

Table 3.5 maps the characteristics of the two legally recognised forms of social enterprise in Italy against the core criteria set by the EU operational definition in order to identify and commonalities and differences between the national concepts and the EU concept.

Table 3.5 Mapping the legally recognised social enterprises in Italy against EU Operational Definition

Dimension	Criterion	Social enterprises ex lege	Social cooperatives
Economic	Engagement in economic activity	identical condition: social enterprises perform an entrepreneurial activity (Article 1 of Legislative Decree no. 155/2006)	identical condition: cooperatives are enterprises engaged in economic activities (Articles 2511 and 2082 of the Italian Civil Code)
Social	Explicit and primary social aim	similar definition: the pursuit of a social aim is defined by law operationalization of social aims by listing sectors of activities or employment integration (Article 2 of Legislative Decree no. 155/2006)	narrower definition of social aims: stronger focus on fulfilling social integration objectives
Governance	Asset lock	identical condition: no distribution of assets or parts of assets to owners / shareholders, employees or members	similar condition: any surplus assets minus the possibly accrued dividends for the members must be allocated to mutual funds for the promotion and cooperation development. Members can receive only what it is owed to them in connection with dividend payments
	Limits on profit distribution	narrower condition: no distribution among owners / shareholders, employees or members (Article 3 of Legislative Decree no. 155/2006). Income must be reinvested in the core business or in increasing the assets of the organisation.	similar condition: social cooperatives are allowed limited profit distribution. This condition is operationalised by defining limits on profit distribution (Art. 2545-quarter of the Civil Code)
	Organisational autonomy from the State and for-profits	narrower condition: social enterprises cannot be owned or controlled by for-profit organisations or by public administrations (Article 4 of Legislative Decree no. 155/2006). A social enterprise needs to be a collective initiative of a private nature.	potentially wider condition: public or private legal entities with the statutory objective of financing and supporting social cooperatives may become members of social cooperatives (Article 11 of Law no. 381/1991).
	Inclusive governance - democratic decision making and / or Participatory governance	Social enterprises do not need to be governed by democratic principles; their governance will ultimately depend on the choice of institutional form (an association, a foundation, a social cooperative, or a company). Regardless of the institutional form, however, social enterprises must involve workers and users of social goods and services in the governance of the organisation (Article 12 of Legislative Decree n° 155/2006). This obligation is broadly construed so as to include any information sharing, consultation or participation process through which the workers and customers can at least have a say on issues relating to the working conditions and quality of goods and services which a social enterprise provides. A social enterprise is obliged to detail the consultation processes in its "social balance sheet".	A social cooperative must have the general meeting, a board of directors and the supervisory body, or an external auditor. Every member has one vote in the general assembly, regardless of his contribution to the fixed capital, in conformity with the principle of democratic governance, however there are some exceptions.  Although the law does not oblige social cooperatives to be multi-stakeholder organisations, 70 per cent of them involve diverse classes of stakeholders in their membership and one-third of them include workers, volunteers and other classes of stakeholders in the board of directors. Social cooperatives also tend to be involved in networks and collaborations with local institutions and the community (Borzaga, 2012)

### 3.3 Measurement of social enterprises

#### 3.3.1 The collection of data on social enterprises

The main sources of data on social enterprises in Italy include:

- The *National Institute for Statistics (Istituto Nazionale di Statistica, Istat)*: in its 'industry and services census' Istat publishes structural data on enterprises, including figures on the number of active enterprises, employment, the legal form adopted by social enterprises and the main activities carried out. The census includes a section on the non-profit sector which provides information based on the main legal forms that can be adopted by non-profit organisations in Italy, namely cooperatives; social cooperatives; associations; foundations; other non-profit organisations. The latest census provides data for the year 2011; the previous census referred to 2001.
- The *Excelsior database*, promoted by the Italian Union of Chambers of Commerce, the Ministry for Employment and the EU, provides yearly and quarterly employment data on Italian enterprises, including social enterprises. Data is based on extractions from the information provided by the local chambers of commerce. Excelsior also conducts yearly (sample of 100.000 enterprises for the annual survey) and quarterly surveys (sample of 180.000 enterprises in total for the quarterly surveys) investigating the specific employment and training needs of social enterprises, defined as organisations adopting the legal form of charity, religious institution, mutual insurance, foundation, social cooperative, mutual aid society (Unioncamere – Ministero del Lavoro, Sistema informativo Excelsior, 2012).
- Statistics are also compiled by the *National Network of Research Institutes on Social Enterprises (Iris Network)*. The Iris Network published its first report on social enterprises in 2009 (Iris Network, 2009); the second report was published in 2012 (Venturi and Zandonai, 2012). The report defines social enterprises as organisations that are officially registered as social cooperatives and social enterprises at the Italian chambers of commerce. Additionally, the report estimates the 'social enterprise potential', which is the number of organisations that perform similar activities to those carried out by officially recognised social enterprises and social cooperatives. Data on the number of social enterprises is extracted from the official registries of enterprises held by the chambers of commerce and on data provided by Istat.
- Since its creation in 2008, the *European Research Institute on Cooperative and Social Enterprises (EURICSE)* regularly publishes research reports, articles and other relevant sources related to six main research areas: the economic and social rationale of social enterprises; the size and characteristics of social enterprises in Italy and Europe; their impact on the creation of social capital; the relevant legal frameworks and policies; the international models and the management and governance of cooperatives and social enterprises.
- The 'Analisi Informatizzata delle Aziende' (AIDA) database created by the Bureau Van Dijk stores the contact and economic data of more than 950,000 Italian enterprises. The AIDA database is processed and analysed by EURICSE for the identification of social enterprises.

Data on Italian social enterprises mostly refers to the legal form adopted by the enterprise and is based on the registration of enterprises to the special sections of the official registries for social cooperatives and social enterprises held by the Chambers of Commerce. Some enterprises may have the characteristics to be registered as social enterprises *ex lege* but may be not officially registered due to bureaucratic issues or due to the fact that they are on the process of registration; this may affect the accuracy of data and lead to an under-estimation of the actual scale of social enterprises in Italy (Venturi and Zandonai, 2012a).

#### 3.3.2 Presence and scale of social enterprises

The table below presents an estimate of the number of organisations which fit within the boundaries of the operational definition of social enterprise developed as part of this study.

Estimates are based on the proportions of Italian organisations falling under the spectrum of social enterprises and on statistics available as regards the total business population.

**Table 3.6 Estimated number of social enterprises in Italy**

	Organisation type	Estimated number
Legally recognised social enterprises	Social cooperatives (2011)	11,264
	Social enterprises ex lege (2013)	1,348*
De facto social enterprises-see tables 3.7 and 3.8	Other businesses with the term 'social enterprise' in their business name (potentially in the process of registration as legally recognised social enterprises) (2011)	404
	Foundations (2011)	2,799
	Associations (2011)	10,252
	Cooperatives (excluding social cooperatives) (2011)	1,576
	For profit enterprises carrying out activities the sectors of social enterprises (2009)	8,545
<b>Total</b>		<b>34,840</b>

Sources: Istat, *Censimento Industria Servizi* (data extracted on 18/02/2014); Venturi and Zandonai, 2012; *Centrostudilegacoop*, 2013.

\*Source: research conducted by Euricse on data included in the registers of Italian Chambers of Commerce

To avoid double counting social enterprises ex lege are not included in the total

As illustrated in Figure 3.1, legally recognised social enterprises do not represent the full spectrum of social enterprises in Italy. Additionally, organisations demonstrating the characteristics of social enterprises can also be found among associations, foundations, cooperatives and mainstream enterprises. Table 3.7 provides an indication of the prevalence of social enterprises among these legal forms.

**Table 3.7 Presence of de facto social enterprises**

Organisational forms/ labels that might be adopted by de facto social enterprises	Discussion on the degree to which they meet Operational Definition criteria
Non-profits pursuing social aims and oriented towards productive activities	Foundations As required by Italian law, foundations must pursue a social aim and their main objective cannot be the engagement in economic activities. However, economic activities can be developed provided that they are intended at obtaining the resources that are necessary for pursuing the social aim of the foundation. Data on the number of Italian foundations that satisfy all the operational criteria is not available; however, on the basis of expert consultations and of the first report on social enterprises by the Iris Network (2009), an educated guess is that about 45 per cent of Italian foundations would meet the operational criteria developed by this study.
	Associations A wide range of organisations may adopt the legal form of an association, including political or sport organisations. A 2011 survey (Venturi and Zandonai, 2012a) analysed non-profit organizations that were neither social cooperatives nor legally designated social enterprises and revealed that there were approximately 22,000 organisations with social aims and an orientation towards production; about 70 per cent of these organisations were association-type subjects. Based on this

	and on expert consultations, it is estimated that about 15 per cent of Italian associations meet the operational criteria.
Cooperatives	<p>No recent estimate is available for the proportion of cooperatives that may be regarded as social enterprises as per the operational definition used by the present study (other than social cooperatives). However, these organisations generally comply with the following criteria defined by the social enterprise spectrum: they are enterprises and they are inclusive - although mostly single-stakeholder, and they comply with a partial non-profit distribution constraint. In most cases cooperatives other than social cooperatives fail to comply with the criteria of pursuing an explicit social goal and providing general-interest products or services. In 2001, it has been estimated that there were between 1,000 and 1,500 traditional cooperatives pursuing social objectives (Borzaga and Santuari, 2001) representing up to 3 per cent of the total number of cooperatives excluding social cooperatives (47.719 units, based on Corbisiero, Scialdone and Tursilli, 2009).</p> <p>Based on data available for 2001, it is estimated that up to 3 per cent of cooperatives, other than social cooperatives, meet the operational criteria</p>
Mainstream enterprises carrying out activities the sectors of social enterprises	<p>One should note that the inclusion of for-profit enterprises in the social enterprises spectrum is debated. A survey of Italian private companies (Venturi and Zandonai, 2012a) found that there are about 85,500 for-profit companies which perform activities of production and exchange of goods and services of social utility while pursuing objectives of general interest. These 85,500 for-profit companies therefore satisfy at least two of the social enterprise operational criteria established by this study: engagement in economic activities and pursuing a social objective. The estimate that around 10 per cent of them also satisfy the remaining two conditions (including the presence of pre-defined rules for the distribution of profits) is based on an assessment of social enterprise experts consulted for this study.</p>

Table 3.8 provides estimates of de facto social enterprises in Italy on the basis of the discussion presented above.

**Table 3.8 Measurement of de facto social enterprises**

Organisational labels	Estimated % of organisations falling under the spectrum	Total business population	Estimated number of social enterprises
Foundations (2011)	45%	6,220	2,799
Associations (2011)	15%	68,349	10,252
Cooperatives (excluding social cooperatives) (2011)	up to 3%	50,134	1,576
Mainstream enterprises carrying out activities the sectors of social enterprises (2009)	10%	85,445	8,545

Organisational labels	Estimated % of organisations falling under the spectrum	Total business population	Estimated number of social enterprises
<b>Total</b>	<b>11%</b>	<b>210,148</b>	<b>23,172</b>

Notes: The estimates should be treated as indicative only. In particular the estimates of the number of social enterprises among companies registered as for-profits are debatable (see discussion in Section 3.2). The most recent official statistics on non-profit organisations have been published in 2013 by Istat and refer to the year 2011.

Sources: Istat, *CensimentoIndustriaServizi* (data extracted on 18/02/2014); Venturi and Zandonai, 2012; *Centrostudilegacoop*, 2013.

**Table 3.9 Estimated number of social enterprises in relation to total business population**

Year	Estimated number of social enterprises	Number of people employed by social enterprises	Total business population (i.e. not just social enterprises)	Total number of people employed	Social enterprises as a % of the total business population
2011	35,162	459,989 <sup>9</sup>	4,425,950	16,424,086	0.8%

Sources:

- Number of social enterprises: see calculations in Table 3.8 above
- Total business population: Istat, *CensimentoIndustriaServizi* (data extracted on 18/02/2014); *Statistiche nazionali sulla struttura delle imprese (dati dal 2008)*; *Centrostudilegacoop*, 2013.

Data published by the Italian Institute for Statistics (Istat) suggests that the number of associations and foundations which are de facto social enterprises may differ from the estimates presented in Table 3.8 and Table 3.9. Table 3.10 illustrates the total number of associations and foundations meeting the following criteria as recorded by Istat (i.e. two of the operational criteria established for this study):

- They are defined by Istat as ‘market units’, i.e. as entities which are primarily market-oriented<sup>10</sup>;
- Their aim is the achievement of the public benefit.

**Table 3.10 Associations and foundations meeting the criteria of engagement in economic activity and social aim, 2011**

Organisational labels	Number of organisations meeting the two criteria
Associations	14,326
Foundations	2,130
Total	16,456

Source: Istat, *CensimentoIndustriaServizi* (data extracted on 19/09/2014)

Note: data on the number of cooperatives (other than social cooperatives) meeting the two criteria (engagement in economic activity and social aim) was not available at the date of extraction.

<sup>9</sup> Data not available for the for-profit sector.

<sup>10</sup> According to Istat’s definition (Istat, 2014), organisations are ‘market units’ when the ration between the two following factors is more than 50 per cent:

- Sum of the income from agreements and contracts from public institutions plus the income from sales of good and services; and
- Sum of costs of production.

### 3.4 Characteristics of social enterprises

#### 3.4.1 Legal forms

As evident from the discussion in section 3.3, social enterprises in Italy adopt a variety of legal forms, although social cooperative is the most commonly used legal form. There has been an extraordinary increase in the number of social cooperatives following the enactment of the Law on social cooperatives. The number of social cooperatives has increased from little over 2,000 before the introduction of the Law to 11,264 two decades later (2011).

The social enterprise *ex lege* status has been comparatively less successful for several reasons:

- The length of the administrative process required for registration;
- The costs and extra responsibilities imposed by the law e.g. minimum capital requirements, social reporting requirements etc.;
- The absence of fiscal benefits (whereas fiscal incentives are available to social cooperatives).

#### 3.4.2 Business models

##### *Sources of income*

The client base and sources of income of social enterprises have diversified over time. In 2011, revenues from public contracts represented 65 per cent of the total income of social cooperatives, and revenues from the sales of goods and services to private clients represented 28 per cent of the total. For these reasons, the public sector represents the main engine of development for social enterprises. However, as explained by the social enterprises consulted for this study, the dependence from public resources is currently affecting their growth, due to the decreased availability of funds in crucial areas such as social welfare, and due to the issue of the significant delays in the payments for the services offered.

The table below illustrates the sources of income for social cooperatives, associations and foundations as a percentage of the total 2011 income.

**Table 3.11 Sources of income for social cooperatives, associations and foundations, 2011**

	Public source of income		Private source of income					Total income (€ mio)
	Public grants	Public contracts	Members' contributions	Sales of goods and services	Donations	Revenue from financial assets and real estate	Other private revenues	
Social cooperatives	1%	65%	2%	28%	1%	1%	2%	11,157
Associations	6%	15%	43%	10%	8%	9%	10%	14,746
Foundations	6%	34%	7%	17%	11%	19%	6%	11,120

Source: Istat, *Censimento Industria Servizi* (data extracted on 19/09/2014)

The recent economic crisis and the consequent funding cuts and delays in payments by public administrations<sup>11</sup> have particularly affected social cooperatives. As a consequence, these organisations are facing increasing problems in finding stable sources of revenues.

<sup>11</sup>Type A cooperatives are mainly paid by public administrations for their services (70-80 per cent of their income). Type B are more market oriented than Type A (50 per cent of their income) (Venturi and Zandonai, 2012)

Some of the social cooperatives consulted for this study faced substantial financial losses over the last three years, and were forced to sell part of their assets (properties) due to increasing debts. In many cases, delays in payments from public administrations meant that these organisations were not able to pay their employees on time.

Some social cooperatives tried to respond to these challenges by focussing on growth, improved internal efficiency and expansion to new sectors (Venturi and Zandonai, 2012b). For example, one social cooperative consulted for this study mentioned that it has diversified its client base by providing services to private companies in order to reduce its dependence on the public sector.

### *Use of paid workers*

Employment data on social cooperatives, associations and foundations is presented in Table 3.12.

**Table 3.12 Use of paid workers and volunteers by social cooperatives, 2011**

	No of organisations	No of employees	No of external workers	No of temporary workers	No of volunteers
Social coops	11,264	320,513	43,082	1,411	42,368
Associations	68,349	62,809	49 684	923	1,439,110
Foundations	6,220	680,811	270,769	5,544	4,758,622

Source: Istat, *CensimentoIndustriaServizi* (data extracted on 19/09/2014)

### **3.4.3 Fields of activity**

The activities undertaken by the largest proportion of social cooperatives consist in the provision of the following social services (Istat, *CensimentoIndustriaServizi*, 2014):

- Social care and civil protection (40 per cent of social enterprises operate in this sector);
- Economic development and social cohesion (this includes “type B” or “working integration social cooperatives”; 32 per cent);
- Health (11 per cent); and
- Education and research (8 per cent).

Additional data are provided in Table 3.13. The activities undertaken by social cooperatives include the provision of socio-medical home care; educational activities and rehabilitation; social and cultural activities; management of kindergartens and childcare services; management of community housing and family homes; management of centres and residences; training and mentoring for the employment of disadvantaged people etc. Social cooperatives are also involved in the creation and implementation of projects and measures aimed at the most marginalized people.

**Table 3.13 Fields of activities of social cooperatives, 2011**

Sector	Number of organisations		Employees		Volunteers
	Total	%	Total	%	Total
Social care and civil protection	4,452	40%	170,617	53%	17,959
Economic development and social cohesion (Includes Type B) <sup>12</sup>	3,654	32%	68,855	21%	13,472

<sup>12</sup> Disaggregate data for social cooperatives of Type A and Type B are not available from the *CensimentoIndustriaServizi* Data Warehouse.

Sector	Number of organisations		Employees		Volunteers
	Total	%	Total	%	Total
Health	1.192	11%	54,327	17%	4,867
Education and research	899	8%	15,950	5%	3,117
Culture, sport and recreational activities	747	7%	6,518	2%	2,111
Environment	128	1%	1,881	1%	166
Cooperation and international solidarity	24	<1%	70	<1%	388
Protection of rights and political activity	19	<1%	102	<1%	37
Trade union and representation of interests	14	<1%	248	<1%	23
Philanthropy and promotion of volunteering	9	<1%	81	<1%	72
Other	126	1%	1,864	1%	156
<b>Total</b>	<b>11,264</b>		<b>320,513</b>		<b>42,368</b>

Source of data and classification of sectors: Istat, *CensimentoIndustriaServizi* (data extracted on 18/02/2014)

By providing essential services to vulnerable people, social cooperatives play a key role in the Italian social welfare context for two main reasons:

- Public administrations externalise the provision of services such as social care and work integration to cope with the increasing demand for these activities. This outsourcing process has its roots in the 1990s, when the introduction of Law 381/1991 on social cooperatives facilitated the possibility for public administration to stipulate contracts for the provision of social services with social cooperatives (Borzaga and Galera, 2012).
- Social cooperatives have demonstrated to be better able than for-profit enterprises to address the evolution of demand for social services, particularly when this demand comes from less wealthy users or more vulnerable people such as the disabled, immigrants and homeless people (Borzaga and Galera, 2012). The reasons for this relate to the specific characteristics of social cooperatives, including the ability to provide services at costs that are accessible to the less wealthy users. This is possible thanks to factors such as the provision of volunteer work and the fiscal advantages granted to social cooperatives.

From 2003 to 2010, employment in Italian social cooperatives and social enterprises ex lege increased by 70 per cent, whereas over the same period the number of persons employed in all Italian enterprises increased by about 10 per cent. Those data confirm the resilience of social enterprises: in times of economic crisis, social enterprises showed their ability to maintain stable employment levels by cutting firstly their operating margins (Venturi and Zandonai, 2012a).

Social cooperatives represent a small share of the total employment in all Italian enterprises (see Table 3.8 and Table 3.9) however, they play a key role in the private sectors of social and health care and education activities: within these two sectors, in 2011 social cooperatives represented respectively 25 per cent (or 224,944 out of the 902,887 people employed in the private sector) and 6 per cent (15,950 out of 255,622) of the total employment (Istat, *CensimentoIndustriaServizi*, data extracted on 18/02/2014; Istat, 2013).

Microenterprises are at the core of the Italian social enterprises' ecosystem: in 2011, 57 per cent of social cooperatives were organisations with less than 10 employees (Istat, *CensimentoIndustriaServizi*, data extracted on 18/02/2014. As reported by the Iris Network

(Venturi and Zandonai, 2012a), in 2010 only 12.5 per cent of Italian social enterprises recorded a value of production above € 1 million. The majority of smaller social enterprises were located in the south of Italy: in southern and island regions, about 66 per cent of social enterprises had a value of production below 250,000 € as compared to 55 per cent in Central Italy and 44 per cent in Northern Italy. Social enterprises also tend to be locally rooted.

In terms of employment, in 2013 social cooperatives and officially recognised social enterprises presented the following key characteristics underlining their role in supporting social inclusion (Centro StudiUnioncamere and Si.Camera, 2014):

- A larger proportion of part-time personnel, particularly with regards to female employees: in 2013 about 61 per cent of social enterprises' non-seasonal female employees were part time, as compared to 47 per cent in other enterprises.
- A greater orientation in hiring immigrant workers: in 2013 up to 20 per cent of social enterprises' non-seasonal employees were immigrants, as compared to 15 per cent in other enterprises.
- Lower proportion of under-30 new hires: 17 per cent *versus* 30 per cent.
- Increasing need to employ staff with planning, managing and commercial skills: between 2010 and 2013, the percentage of graduates hired by social enterprises increased from 21 to 25 per cent of all new hires. Additionally, 34 per cent of new hires in social enterprises were high-skill employees (management, scientific skills and other technical skills requiring a high level of specialisation) as compared to the 17 per cent in all enterprises.

#### 3.4.4 Target groups

Social cooperatives support a wide range a target groups. About 30 per cent of social cooperatives operate with the objective of creating employment for disadvantaged groups, such as physical or mental invalids, present or former psychiatric patients, drug addicts, alcoholics, young individuals from troubled families, and criminals subject to alternatives to detention. Other social cooperatives offer a range of social services to the wider community, as described in section 3.4.3.

### 3.5 Summary of mapping results

The mapping exercise led to the identification of two organisational labels that can be regarded as fully meeting the eligibility criteria: social cooperatives and social enterprises *ex lege*. For these organisations, the legal requirements established by the Italian legislator are similar to the operational criteria introduced by this study. In some cases, legal requirements are even stricter than the operational criteria, as described in Table 3.5.

Other organisations which may meet (partially or fully) the criteria are foundations, associations, cooperatives (other than social cooperatives) and mainstream enterprises. These organisations are regarded as organisations with 'social enterprise potential' by social enterprise experts, observatories, and by the legislator: they partly meet the operational criteria (either *de facto* or *ex lege*).

The mapping results are summarised in Table 3.14.

Table 3.14 Mapping the universe of social enterprises in Italy

Dimension	Criterion	Institutionalised Forms of social enterprise			Other types of organisations regarded as 'social enterprise potential'		
		Social cooperatives	Social enterprises ex lege	Foundations	Associations	Cooperatives (excluding social coops)	Mainstream enterprises
<b>Core criteria</b>							
Entrepreneurial dimension	Engagement in economic activity	Yes	Yes	Some may do	Some may do	Yes	Yes
Social dimension	Social aim (public benefit)	Yes	Yes	Yes	Some may do	Only a limited proportion	Some may do
Independence and governance	Distribution of profits and/or assets according to defined rules and procedures	Yes	Yes	No profit or other forms of benefits distribution are expected in favour of members or administrators	n/a	Partial non-profit distribution constraint	Not a legal requirement; but some do
	Profit cap - existence of profit cap/ limited profit distribution	Yes	Yes	No profit or other forms of benefits distribution are expected in favour of members or administrators	n/a	Partial non-profit distribution constraint	Not a legal requirement; but some may have a profit cap
	Asset lock - existence of asset lock	Yes	Yes	Assets of are not divided in stocks or shares, they are bound to the achievement of the foundation's purpose. The member, when leaving the foundation, cannot demand back what s/he conferred	n/a	Yes	Not a legal requirement; ; but some may have a profit cap
	Organisational autonomy	Yes	Yes	Yes - cannot attract in any case investments	n/a	yes	yes
	Inclusive governance	Yes	Yes	Not a legal requirement	Yes	Yes	Not a legal requirement; but some may do
<b>Estimated number (2011 unless stated otherwise)</b>		<b>11,264</b>	<b>1,348<sup>13</sup></b>	<b>6,220</b>	<b>68,349</b>	<b>50,134</b>	<b>85,445 (yr 2009)</b>
<b>Estimated % meeting eligibility criteria (appx)</b>		<b>100%</b>	<b>100%</b>	<b>45%</b>	<b>15%</b>	<b>Up to 3%</b>	<b>10%</b>

<sup>13</sup> Source: research conducted by Euricse on data included in the registers of Italian Chambers of Commerce

Dimension	Criterion	Institutionalised Forms of social enterprise			Other types of organisations regarded as 'social enterprise potential'		
		Social cooperatives	Social enterprises ex lege	Foundations	Associations	Cooperatives (excluding social coops)	Mainstream enterprises
<b>Estimated number meeting eligibility criteria</b>		<b>11,264</b>	<b>1,348</b>	<b>2,799</b>	<b>10,252</b>	<b>1,576</b>	<b>8,545 +404<sup>14</sup></b>
<b>Mapping criteria</b>							
Entrepreneurial dimension	Share of income derived from : fees (incl. membership fees);trading income; rental income on assets; income from public contracting (both competitive tenders and direct contracting); grants and donations, etc.	Yes	Yes	Some may do	Some may do	Yes	Yes
	The use of paid workers	Yes	Yes	Make large use of volunteer work	Make large use of volunteer work	Yes	Yes
Social dimension	Fields of activity	Provision of social goods and services	Provision of social goods and services	Provision of social goods and services	Provision of social goods and services	Provision of social goods and services	Some may do
	Target groups (customers/ users of goods and services provided)	Integration of disadvantaged workers	Integration of disadvantaged workers	Integration of disadvantaged workers	Integration of disadvantaged workers	Job integration	Some may do
Independence and governance	Transparency - a system for measuring and reporting impact	Mandatory for some social cooperatives	Mandatory for all registered social enterprises	Voluntary	Voluntary	Voluntary	Voluntary
<b>Other characteristics</b>							
Legal form		Social cooperative	Wide range: social cooperative, cooperative, association, foundation, etc.	Foundation	Association	General cooperative law + Specific legal framework by type	Enterprise + Specific legal framework by type

<sup>14</sup> Other businesses with the term 'social enterprise' in their business name (potentially in the process of registration as legally recognised social enterprises) (2011)

### 3.6 Opportunities and barriers

Spending reviews implemented by the Italian Government in response to the economic crisis have reduced the availability of public resources in sectors that are fundamental for social enterprises, such as the sector of welfare. This in turn has reduced the opportunity for expansion of social enterprises as far as public sector demand is concerned. On the other hand, it creates the drivers for social enterprises to diversify into new markets (private demand) and to become more innovative.

Interviews undertaken for this study confirmed the relevance of the emerging issues related to public procurement. More specifically, the social enterprises consulted explained that one major problem is the delay in payments for the services delivered to public administrations; this problem affects significantly the sustainability of social enterprises. For example, one consultee estimated that the average delay in payments from public administrations is 36 months. Significant delays have increased social enterprises' debts towards banks for advancing the payment of due invoices and affected the ability to remunerate employees with the needed regularity. For example, one social enterprise consulted for this study stated that until 2011, these sustainability issues were absent: about 90 per cent of the organisation's employees had a permanent contract and only 10 per cent had a temporary contract. Following increasing delays in payments, in 2013 the percentage of workers with a temporary contract has increased to 30 per cent.

Another barrier to the development of social enterprises is the confusion caused by the complexity and fragmentation of the legislative framework, both civil and fiscal, which governs the operations of non-profit organisations (excluding social cooperatives, which benefit from a well established legal framework), companies and social enterprises *ex lege*. This can impose complex and restrictive bureaucratic and administrative duties, which complicate the enterprise's management.

Salaries are lower than in other "markets" and social enterprises can have difficulty attracting effective managers to develop and further their business. Restrictions on profit distribution make it difficult for them to attract investments from private investors and there is a lack of fiscal incentives in favour of private citizens who donate to social enterprises. For-profit organisations are excluded from controlling a social enterprise *ex lege*, which prevents the creation of strong relationships between social enterprises *ex lege* and for-profit organisations. Further, the law forbids the latter from controlling for-profit institutions, unless they also have the status of social enterprise *ex lege*.

For-profit companies and public sector organisations are entering the markets traditionally covered by social cooperatives, including the sectors of social care and healthcare services provided to disadvantaged people. As a consequence, for-profit companies are increasingly competing with social cooperatives and other non-profit organisations in order to secure contracts from public administrations (Venturi and Zandonai, 2012a and 2012b). Growing competition from for-profit companies was also highlighted as a key issue by the social cooperatives consulted for this study. Social enterprises explained that it is now more difficult to access to public procurement opportunities due to the increased competition and due to a failure of public authorities to implement clauses supporting social enterprises in public procurement.

### 3.7 Future perspectives

In Italy, the Law on Social Enterprises of 2006 is currently the subject of debate. The debate has raised from the very low impact that the law has had on the development of social enterprise (as pointed out earlier, a very low number of organisations have actually registered as social enterprises *ex lege*). The key issues are:

- The strength of social cooperatives;

- The law does not attract non-profit organisations (particularly, associations) because of the additional costs and responsibilities that it implies without offering any benefits;
- The entrepreneurs who work in traditional enterprises are not attracted either because they see too many limitations and would like more freedom, especially regarding the division of company profits;
- Investors are discouraged by strict legal requirements and rules to set up the activity and scarce incentives; fiscal advantages are not seen as attractive enough.
- The difficulties in attracting risk capital because of the total profit distribution constraint preventing ex lege social enterprises from distributing any profits (as opposed to the partial distribution of profits allowed for social coops);
- The impossibility for conventional entrepreneurs to participate in the governance of social enterprises

As a general shared remark, Italian stakeholders see an emerging common need for expanding tools and possibilities of action for these entities. The opportunities granted by the law to the social enterprises ex lege in the sector of environment, health and culture are seen as too limited. Suggestions were to:

- Promote priority in access to funding;
- Allow more managerial powers for public services/goods;
- Strengthen the link between the activity of the social enterprises and the policies of local administrations (with regards to specific sectors as, e.g., water and culture).

# ANNEXES

## Annex 1 Comparative overview of the legislative framework for social cooperatives and social enterprises ex lege

Legal form	Social cooperative	Social enterprise ex lege
Definition	<p>Social cooperatives are companies with variable capital and with a mutual purpose.</p> <p>Cooperative enterprises can follow the rules of public limited companies (S.p.A.) or the rules of limited liability company (S.r.l.).</p> <p>They mainly use members' professional services for their operations.</p> <p>There are two types of social cooperatives:</p> <ul style="list-style-type: none"> <li>▪ type "A", which provide social, health, and educational services; and</li> <li>▪ type "B", which produce goods and services by engaging in any type of economic activities - other than those listed in "A" - which further the work integration of the defined disadvantaged groups.</li> </ul>	<p>The social enterprise ex lege does not represent a form of company, but a legal status that organisations can obtain in accordance with the requirements set by the law.</p> <p>Social enterprise ex lege can be non-profit (associations, foundations, committee), or can be traditional companies (e.g. Joint Stock Company, Limited Liability Company, Limited Partnership by Shares, Informal Partnership, General Partnership, Limited Partnership, Cooperative Company).</p> <p>The social enterprise ex lege combines entrepreneurial activity with social benefit purposes.</p>
Key national legislation governing the legal form	L. 381, November 8, 1991, "Disciplinadelle cooperative sociali"	The Decreto Legislativo 24 marzo 2006, n. 155, which puts into effect the Legge Delega 13 giugno 2005, n.118.
Whether the legal form is used exclusively or not exclusively for social enterprise	<p>Exclusively for social enterprises.</p> <p>Social cooperatives pursue the general interest. Unlike general cooperatives, they pursue a scope which not only reflects the needs of the members but also provides benefits for the wider community.</p>	<p>Exclusively for social enterprises.</p> <p>A social enterprise ex lege can only operate within certain defined sectors. These include: social assistance; health care; education; instruction and training; environmental conservation; cultural heritage appreciation; social tourism; university and post-university education; research and distribution of cultural services; after-school training; and, support services to social enterprises supplied by entities which are at least 70% in the ownership of social enterprises.</p> <p>In addition, the status of social enterprises ex lege can also be obtained by organisations which conduct entrepreneurial activity other to those listed above provided that it orientated to the job inclusion of individuals who are disabled or</p>

Legal form	Social cooperative	Social enterprise ex lege
		otherwise deemed as disadvantaged workers.
Methods of creation	<p>To incorporate a social cooperative:</p> <ul style="list-style-type: none"> <li>• Public act of incorporation;</li> <li>• Articles of Association;</li> <li>• Application to cooperative enterprises regional register;</li> </ul>	<p>To incorporate a social enterprise:</p> <ul style="list-style-type: none"> <li>• public act of incorporation, containing: the company name of the organisation, followed by the lettering “social enterprise”;</li> <li>• the statute of the enterprise, containing the rules of transfer of the remaining assets in the event of dissolution or wind-up, the company’s object, with particular reference to social utility and the absence of a profit-making purpose.</li> <li>• Application to register with the special registry concerning social enterprises ex lege in the chamber of commerce.</li> </ul>
Required capital or assets	<p>No minimum required capital or assets.</p> <p>Each share nominal value cannot be lower than €25.</p>	<p>The minimum or maximum level of capital will vary according to the type of organisation that will acquire the status.</p> <p>E.g. for limited liability company, a minimum amount of €10,000 is required, while for Joint Stock Company €120,000 is required.</p>
Management and corporate governance	<p>A board of directors is required. The minimum and maximum number of members of the board of directors is set by the statute.</p> <p>The board of directors is responsible for the administration and management of the company.</p> <p>Directors are appointed and removed by decision of the assembly.</p> <p>Board members’ must carry out the duties imposed on them by the law or by the statute with the diligence requested by the nature of their job and by their own competences.</p>	<p>A board of directors is required. The minimum and maximum number of members of the board of directors is set by the statute.</p> <p>The board of directors is responsible for the administration and management of the company.</p> <p>In non-profit organisations, the members of the administrative body are appointed by the founder (in the case of Foundations), by the members meeting (in the case of Associations), or by the promoters (in the case of Committee).</p> <p>In for-profit organisations, they are appointed by the members meeting.</p> <p>Board members’ must carry out the duties imposed on them by the law or by the statute with the diligence requested by the nature of their job and by their own competences.</p>
Rights of members	<p>Legal form has members.</p> <p>Ultimate control of the social cooperative rests with the members because of their rights to attend, speak and vote at general meetings. They can pass resolutions which change the rules and appoint and</p>	<p>Legal form has members.</p> <p>If the vehicle which adopts the status of social enterprise ex lege is a for-profit organisation, the members will be the shareholders and his participation in the governance – with the exception of cooperative companies – will be linked to</p>

Legal form	Social cooperative	Social enterprise ex lege
	remove directors.	<p>their contribution to the capital of the company.</p> <p>The ultimate control rests with the shareholders because of their right to appoint and dismiss the directors.</p> <p>Beside the power to appoint and dismiss the directors (and to grant discharge to the directors), the General Assembly of shareholders has the power to approve the annual accounts, to appoint and dismiss the auditor(s), the power to modify the statute and dissolve the company.</p> <p>If the vehicle which adopts the status of social enterprise ex lege is a non-profit organisation, it will be necessary to distinguish depending on the characteristics of the institution. However it is usually the case that the meeting of members is the highest authority of the organisation.</p>
Voting and representation of members in general meetings	Members are represented at meetings of members called assemblies.	The members are represented at general meetings.
Types of shares, if any	Legal form has shares. The cooperative can issue voting shares and non-voting shares.	<p>For-profit organisations, there are shares. Votes attach to the number of shares owned by a member.</p> <p>In non-profit organisations, there are no shares. Each member gets one vote.</p>
Distribution of dividends on share capital	Dividends can be distributed but not in an amount greater than the maximum interest of postal bonds accruing interest, increased of two and one half percentage points compared with the capital effectively paid in section.	Dividends may not be distributed. Profit and surplus must be used to either further the primary activity of the social enterprise or to increase the enterprise's capital.
Distribution of reserves	In cooperative enterprises there are reserves called indivisible reserves. These cannot be allocated between the members, not even on the winding-up of the company.	<p>Reserves must be constituted according to the regulation of the legal form chosen.</p> <p>For example, for the Limited Liability Company 5% of profits is to be set aside until this reaches one fifth of the share capital.</p>

Legal form	Social cooperative	Social enterprise ex lege
Allocation of the surplus particularly to compulsory legal reserve funds	<p>At least 30% of the yearly net profit must be allocated to the legal reserve fund.</p> <p>Part of net yearly profits of the cooperative enterprise (3%) and any remaining assets of a wound up cooperative are applied to the central funds for the promotion and development of other cooperatives.</p>	<p>Reserves must be constituted according to the regulation of the legal form chosen.</p> <p>For example, for the Limited Liability Company 5% of profits is to be set aside until this reaches one fifth of the share capital.</p>
Distinction dividends/refunds and distribution of refunds	<p>Shares can only be refunded to the shareholder as permitted to the extent provided for by Art. 2532 of the Civil Code.</p>	<p>The norm is to not consider refunds possible.</p>
Restrictions on ability to trade	<p>A social cooperative's activities are restricted by the parameters of its purposes. Its purposes must either take care of the management of social-healthcare and educational services or conduct different activities provided it's orientated to the job inclusion of disadvantaged people.</p>	<p>A social enterprise ex lege is restricted by the parameters of its purpose.</p> <p>It can only operate within certain defined sectors or conduct entrepreneurial activity other to those listed provided that it orientated to the job inclusion of individuals who are disabled or otherwise deemed as disadvantaged workers.</p> <p>Furthermore, the status of social enterprise ex lege cannot be adopted by public administrations or</p> <p>Organisations that in their founding acts limit the distribution of goods and services in favor only of members, associates or participants.</p>
Internal financing (eg. investment title, member investors, increase in members contributions)	<p>Funds can be raised from its own members by way of share or co-operator members stocks increase. In addition, Article 2526 of the Civil Code allows cooperatives to the issue of "financial instruments".</p>	<p>For commercial organisations, A social enterprise ex lege can allot or issue shares to its members to raise capital. The members of the company can also invest in the company in other various ways, e.g. by giving loans to the company (also in the form of loans substituting equity) or by payment of supplementary contributions.</p> <p>If the institution which adopts the status of social enterprise ex lege is non-profit organisation, the enterprise can raise funds and resources from its members through the payment of membership fees, or through voluntary provisions and donations.</p>
External financing (e.g.	<p>Cooperatives can attract investment from third parties by way of loan finance or by the issue of debt securities.</p>	<p>If the organisation that adopts the status is an organisation with a for-profit legal form, it is unlikely that they will succeed in raising funds in shape of equity. In this</p>

Legal form	Social cooperative	Social enterprise ex lege
banking loans, issuing bonds, specific investment funds) including possibility for non-member investors		<p>case, in fact, the investor would not receive any advantage from the investment due to the ban on profit distribution. But it is possible to suppose forms of funding in the form of loan, through bond issuing.</p> <p>There are however further restrictions on the remuneration of financial instruments.</p> <p>A non-profit organisation, cannot in any case raise investments, but only attract external finance through grants, donations or loans.</p>
Transparency and publicity requirements (and related auditing issues)	<p>A social cooperative must file an annual report on how its activities have been of benefit to the community along with its financial report at the Register of Enterprises.</p> <p>A social cooperative's annual accounts for the financial year must be audited unless the company is exempt from audit due to its size.</p>	<p>The social enterprise ex lege must file at the registry of business a report on its finances along with a social report prepared in accordance with guidance issued by the Ministry of Labour and Social Politics.</p> <p>Social enterprises ex lege are inspected externally by the Ministry of Labour and Social Politics.</p>
Employee involvement systems	When members, staff can be involved in decision making if they are members. Working members can receive dividends up to a cup.	<p>Social enterprises ex lege are required to consider forms of inclusion for workers and beneficiaries of the activities.</p> <p>Inclusion means any mechanism, information, consultation or participation, through which workers and beneficiaries of the activities can have influence on the decisions that must be adopted in the company, at least for what concerns topics that directly affect the working conditions and the quality of produced or traded goods and services.</p>
Distribution of the proceeds of dissolution, liquidation, disinvestment (in particular provision of asset lock)	<p>The cooperative's regulatory authority can dissolve the cooperative where:</p> <ul style="list-style-type: none"> <li>▪ it does not pursue its purposes; or</li> <li>▪ it is not in a position to pursue its purposes; or</li> <li>▪ has not filed its financial report for two consecutive years; or</li> <li>▪ has not carried out any required management actions.</li> </ul> <p>A cooperative which is insolvent can be would up by either administrative forced wind up or through bankruptcy proceedings.</p> <p>The members can also resolve to wind the cooperative up.</p>	<p>Social enterprises ex lege are subjected to the usual competition proceedings for the wind-up and creditors satisfaction. Companies undergo these proceedings when they are insolvent, have serious management anomalies, or a temporary difficulty to fulfil obligations. The Competition proceedings are:</p> <ul style="list-style-type: none"> <li>▪ Bankruptcy, where the procedure is entrusted to the bankruptcy court;</li> <li>▪ Composition with creditors, involving an agreement with creditors;</li> <li>▪ Forced administrative wind-up, an administrative proceeding which results in a reallocation of the company, jobs and security;</li> <li>▪ Temporary receivership, resulting in company recovery under the surveillance of delegate Judge;</li> <li>▪ Extraordinary administration, resulting in company recovery entrusted to a commissioner appointed by the court.</li> </ul>

Legal form	Social cooperative	Social enterprise ex lege
Distribution of the proceeds of dissolution, liquidation, disinvestment (in particular provision of asset lock)	<p>The remaining surplus minus the possibly accrued dividends for the members must be allocated to mutual funds for the promotion and cooperation development.</p> <p>Members can receive only what it is owed to them in connection with dividend payments.</p>	<p>The members can also resolve to wind the company up.</p> <p>Any surplus assets must be distributed to non-profit organisations of social utility, associations, committee, foundations and ecclesiastical organisations, in accordance with the enterprise's statute.</p> <p>It cannot be distributed to the members.</p>
Conversion to another form of company	Social cooperatives can convert to an informal partnership, a limited partnership, a general partnership, a joint stock company, a limited partnership by shares, a limited liability company or a consortium.	Social enterprises ex lege can resolve to a different legal form. If converting to an organisation that is not a social enterprise ex lege, the members are not allowed to receive any distribution of the assets on this conversion.

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## A2.2 List of consultees

	Name of the person interviewed	Organisation/Role	Stakeholder category
1.	Danilo Giovanni Festa	Ministry for Employment and Social Policies, Directorate General for the Third Sector, Director	Government
2.	Maurizio Arensi, Andrea Ferrari, Adriana Pepe, Marco Ratti	Banca Prossima	Social investment
3.	Lorenzo Allevi	Oltre Venture, CEO	Social investment
4.	Paolo Venturi	Director, AICCON	Academia/expert on social enterprises
5.	Sara Rago	Researcher, AICCON	Academia/expert on social enterprises
6.	Giorgia Perra	Researcher, AICCON	Academia/expert on social enterprises
7.	Maria Vittoria Musella	Studio Erresse, President	Provider of training and consulting services to social enterprises
8.	Giusi Palermo	Consorzio Sol.Co. Rete di imprese Sociali siciliane, President	Network of social enterprises
9.	Francesca Bottai	Co&so, Consorzio per la Cooperazione e la Solidarietà, Managing Director	Network of social enterprises
10.	Loretta Giuntoli	Consorzio Astir, President	Network of social enterprises
11.	Gianfranco Visicchio	Consorzio Meridia, President	Network of social enterprises
12.	Michele De Angelis	Cooperativa Sociale Prisma, President	Social enterprise
13.	Biagio Missanelli	Cooperativa Sociale il Germoglio, President	Social enterprise
14.	Fausto Gritti	Cooperativa Sociale Ecosviluppo, Director	Social enterprise
15.	Sonia Benvenuto	Cooperativa Sociale Obiettivo Vita, Member	Social enterprise
16.	Salvatore Loglisci	Cooperativa Sociale Campo dei Miracoli, President	Social enterprise
17.	Fabrizio Pedretti	Cooperativa Sociale Agriverde, President	Social enterprise
18.	Francesco Uccello	Cooperativa Sociale Terra e Libertá, Communication Officer	Social enterprise
19.	Simone Montanari	Cooperativa Cerro Torre, President	Social enterprise
20.	Marco Conti	Cooperativa Sociale Paolo Babini, Vice President	Social enterprise
21.	Elena Ciravolo	Cooperativa Libera-Mente, President	Social enterprise
22.	Patrizia Fantuzzi	Cooperativa Sociale L'arcobaleno Servizi, Director	Social enterprise

<b>Name of the person interviewed</b>	<b>Organisation/Role</b>	<b>Stakeholder category</b>
23. Aurelia Minella	La Quercia, Member	Social enterprise
24. Daniela Mazzocchi	Cooperativa Sociale L'Eco, Vice President	Social enterprise
25. Elena de Filippo	Cooperativa Sociale Dedalus, President	Social enterprise
26. Elisa Pedroni	Cooperativa Sociale Gulliver, Communication and Marketing	Social Enterprise
27. Fabio Ruvolo	Cooperativa Etnos, President	Social Enterprise
28. Luca Fontana	Cooperativa Sociale Thiel, President	Social Enterprise
29. Sebastiano Scaglione	Impresa Sociale Passwork, Director	Social Enterprise
30. Adele Cafiero	Santa Lucia Cooperativa Sociale, Director	Social Enterprise
31. Mauro Ponzi	3csalute, President	Social Enterprise
32. Ilario Volpi	Il Grande Carro, President	Social Enterprise

**Table A2.1 List of non-respondents and organisations that declined to take part in the consultation**

Organisation	Stakeholder category
1. Banca Etica	Social investment
2. Altri Colori Cooperativa Sociale Onlus – EX Finisterrae Cooperativa Sociale	Social enterprise
3. Arca – Cooperativa sociale a responsabilità limitata – Onlus	Social enterprise
4. Ass. Coop. Cooperativasociale	Network of social enterprises
5. Azalea Cooperativa Sociale a r.l.	Social enterprise
6. C.I.D.A.S. – Coop.va Inserimento Disabili Assistenza Solidarietà – S. C. A r.l. sociale	Social enterprise
7. CADIAI Coopertiva Sociale	Social enterprise
8. Codess Friuli Venezia Giulia Coop.Va Sociale Onlus	Social enterprise
9. Associazione Isnet	Network of social enterprises
10. Confcooperative - Federsolidarietà	Network of social enterprises
11. Cons. Soc. Abele Lavoro s.c. Sociale	Network of social enterprises
12. Consorzio Consolida	Network of social enterprises
13. Consorzio Cooperative Sociali Quarantacinque Soc. Coop. Sociale	Network of social enterprises
14. Consorzio Farsi Prossimo	Network of social enterprises
15. Consorzio Futura	Network of social enterprises
16. Consorzio Goel	Network of social enterprises
17. Consorzio In Concerto	Network of social enterprises
18. Consorzio in rete	Network of social enterprises
19. Consorzio Kairos	Network of social enterprises
20. Consorzio la valdocco Società Cooperativa Sociale Impresa Sociale	Network of social enterprises
21. Consorzio Oscar Romero	Network of social enterprises
22. Consorzio Parsifal	Network of social enterprises
23. Consorzio SIS	Network of social enterprises
24. Consorzio Socialcoop	Network of social enterprises
25. Consorzio Tassano	Network of social enterprises
26. Consorzio Zenit	Network of social enterprises
27. Cooperativa Altridea	Social enterprise
28. Cooperativa Anteo	Social enterprise
29. Cooperativa Cons. Sol.	Social enterprise
30. Cooperativa Core	Social enterprise
31. Cooperativa Ecosol	Social enterprise
32. Cooperativa Elleuno	Social enterprise
33. Cooperativa Fratres	Social enterprise

Organisation	Stakeholder category
34. Cooperativa Frontiera Lavoro	Social enterprise
35. Cooperativa Il Puzzle	Social enterprise
36. Cooperativa Il Seme	Social enterprise
37. Cooperativa Incontro	Social enterprise
38. Cooperativa itacasocieta' cooperativa sociale o.n.l.u.s.	Social enterprise
39. Cooperativa La Paranza	Social enterprise
40. Cooperativa La Rete	Social enterprise
41. Cooperativa La Sorgente	Social enterprise
42. Cooperativa Menatwork	Social enterprise
43. Cooperativa Nuova Dimensione	Social enterprise
44. Cooperativa Nuova Socialità Impresa Sociale Cooperativa Sociale Onlus	Social enterprise
45. Cooperativa Orso	Social enterprise
46. Cooperativa Progetto H	Social enterprise
47. Cooperativa Sociale CoopseliosSoc.Coop.	Social enterprise
48. Cooperativa Sociale l'orto botanico a r.l.", in breve "L'Orto Botanico s.c.s."	Social enterprise
49. Cooperativa sociale p. G. Frassati di produzione e lavoro societa' cooperativa sociale - onlus	Social enterprise
50. Cooperativa Socialeinrete	Social enterprise
51. Cuore Cooperativa Sociale - ONLUS	
52. Ecoservizi L'Olmo Società Cooperativa Sociale a Responsabilità limitata	Social enterprise
53. G. di Vittorio - Società Cooperativa Sociale - ONLUS	Social enterprise
54. Gruppo Cooperativo CGM	Network of social enterprises
55. La Nuova Cooperativa Societa' Cooperativa Sociale Impresa Sociale	Social enterprise
56. Meta - Società Cooperativa Sociale Onlus	Social enterprise
57. Pro.ges. Societa' cooperativa sociale a r.l. Servizi Integrati alla persona	Social enterprise
58. ROSALIBRI s.r.l.	Social enterprise
59. Società Servizi Socio Culturali cooperativa sociale - Onlus	Social enterprise

## Annex 3 Examples of support initiatives

**Table A3.2** Inventory of social enterprise support initiatives

Inventory topic	Initiative 1	Initiative 2	Initiative 3
Name of initiative	Sostegno alle imprese sociali <a href="http://ec.europa.eu/enterprise/newsroom/cf_getdocum ent.cfm?doc_id=3407">http://ec.europa.eu/enterprise/newsroom/cf_getdocum ent.cfm?doc_id=3407</a>	Piccoli sussidi Puglia <a href="http://www.piccolisussidipuglia.it/bandi/">http://www.piccolisussidipuglia.it/bandi/</a>	Fondo di garanzia e finanziamenti a tasso agevolato a favore delle cooperative sociali <a href="http://www.regione.piemonte.it/governo/bollettin o/abbonati/2013/35/attach/dgr_06207_070_020_82013.pdf">http://www.regione.piemonte.it/governo/bollettin o/abbonati/2013/35/attach/dgr_06207_070_020_82013.pdf</a>
Years of operation	2002 - 2006	2013 - ongoing	2013 - ongoing
Geographical scope of the initiative	National and regional (Emilia Romagna)	Regional (Puglia)	Regional (Piedmont)
Target population	Subjects who are involved in economic activities of social interest such as private organisations which have as main economic activity the production and the exchange of goods or services of social utility and social co-operatives.	Non-profit organisations promoting social inclusion of disadvantaged workers, including associations, social cooperatives, legally recognised social enterprises and NGOs	Social cooperatives. Priority is given to recently created social cooperatives Type B and to investment with an impact in terms of employment
Aims and objectives of the initiative	The programme's objective is to promote development, innovation and quality in social enterprises' economic activities. The overall aim is the development of projects capable to promote social inclusion and to facilitate the access to the labour market for disadvantaged subjects. Specific objectives are the preservation of the environment, the valorisation of the territory, improve the services' quality and their access and the creation of job opportunities for disadvantaged people	The initiative focuses on three main areas of intervention: the development of existing organisations through technological innovation and improvement of the quality of the services provided; the support of the starting-up of new organisations; and the support of long term social inclusion in the labour market	Promote employment; promote the start-up and consolidation of social cooperatives
Financing of the initiative	€ 3.9 million (2002-2005)	€ 5.4 million	-
Role of EU funding (if any)	Funding provided by the EU (European regional Development Fund), the region Emilia-Romagna and the Italian government.	Initiative developed within the Operational Programme for European Social Fund for the 2007-2013 period	-
Form of support	The budget of € 3,9 million (2002-2005) is divided as follows: € 1,2 million as subsidies and € 1,7 million as	Grants in support of a range of activities, such as to partly compensate the costs for the	Guarantees and low interest rate financing

Inventory topic	Initiative 1	Initiative 2	Initiative 3
	<p>investments. The expenses admissible of funding are investments in goods (machinery, installations, equipment) and purchase of services such as feasibility studies, business services. The maximum overall amount is € 100,000 for a maximum of 60 % of the whole project cost.</p>	<p>provision of start-up support or to the cost of employment.</p>	
Delivery/ implementation mechanism	Managed by the Emilia Romagna region	Managed by the Puglia region	Managed by the Piedmont region in cooperation with Finpiemonte, the regional public finance company
Examples of innovation	-		Introduction of the possibility to provide equity funding
Achievements of the initiative	The target for 2001-2002 was the provision of finance to 40 enterprises. Over this period, 17 enterprises received funding (42,5% of the target)		-
Evaluative evidence	<a href="http://www.dps.tesoro.it/documentazione/portale_ob2/html/Docup/Emilia%20pdf%20e%20pre_main/RVI%20Emilia%20Romagna.pdf">http://www.dps.tesoro.it/documentazione/portale_ob2/html/Docup/Emilia%20pdf%20e%20pre_main/RVI%20Emilia%20Romagna.pdf</a>		-

**Table A3.3** Inventory of social enterprise support initiatives

Inventory topic	Initiative 4	Initiative 5	Initiative 6
Name of initiative	Intervento 18 <a href="http://www.agenzia lavoro.tn.it/agenzia/lex/2011-2013/RegolamentiAdL/regolamento_18">http://www.agenzia lavoro.tn.it/agenzia/lex/2011-2013/RegolamentiAdL/regolamento_18</a>	Start-up di imprenditoria sociale <a href="http://www.rm.camcom.it/archivio43_bandi-altri-bandi_0_51.html">http://www.rm.camcom.it/archivio43_bandi-altri-bandi_0_51.html</a>	ESPRIT3
Years of operation	2012 - ongoing	2013 - ongoing	2013
Geographical scope of the initiative	Local (Trento province)	National (38 adhering local chambers of commerce: Asti, Avellino, Brindisi, Campobasso, Catanzaro, Chieti, Cremona, Crotone, Cuneo, Firenze, Frosinone, Genova, Imperia, l'Aquila, Lecce, Matera, Messina, Milano, Modena, Nuoro, Padova, Pavia, Perugia, Pordenone, Potenza, Ragusa, Reggio Calabria, Reggio Emilia, Roma, Rovigo, Siracusa, Taranto, Torino, Udine, Varese, Venezia, Verona, Vibo Valentia)	Regional (Tuscan region)
Target population	Social cooperatives type B; key requirement to access the financing is the preparation of a business plan	Legally recognised social enterprises and social cooperatives in the start-up phase	Disadvantaged and disabled persons, non-profit organisations and for-profit organisations supporting social inclusion of disabled and disadvantaged persons
Aims and objectives of the initiative	Promote the employment and social inclusion of disadvantaged and disabled persons	Support start-ups	To fight against the causes of poverty and deprivation by supporting projects focused on disadvantaged people's personalised development plans
Financing of the initiative	Maximum duration of the subsidy provided is 36 months and can cover up to 60% of the cost of labour	Provision of support services	€ 7,5 million
Role of EU funding (if any)	-	-	Contributions from the European Social Fund
Form of support	Provision of subsidies for the cost of labour: <ul style="list-style-type: none"> <li>■ individual subsidies for the first three years of employment of disadvantaged workers in the cooperative (max 9 years for psychiatrics); they cover 60% of the total labour costs at the first year of employment in the WISC, 40% at the second year, 30% at the third year (20% following);</li> </ul>	Provision of free external support services for start-ups: tutors made available by the chambers of commerce to provide specialised support in the preparation of business plans, the engagement of financial investors and the creation of the companies	Financial support to the consolidation of social enterprises through crowdfunding

Inventory topic	Initiative 4	Initiative 5	Initiative 6
	<ul style="list-style-type: none"> <li>■ a general subsidy for the coverage of the labour costs of tutors (max 50% of costs) and of social responsible (max 60% of costs);</li> <li>■ general subsidies for feasibility study and business plans for new social cooperatives start-ups, training activities for ordinary workers, investments in new products and procedures.</li> </ul>		
Delivery/ implementation mechanism	Managed by the Employment Agency of the province of Trento	Managed by the adhering chambers of commerce	Supported by Tuscany region and managed by the ESPRIT3 consortium including Esprit (network of ethic banks and other ethical organisations), Cooperfidi Toscana (fund) and Confictur (consortium of funding organisations)
Examples of innovation	-	The project recognise the resilience of social enterprises to negative economic conditions and support their role in contributing to economic recovery	The project foresee a qualitative evaluation of the social impacts of the supported initiatives
Achievements of the initiative	-	-	Funded 167 projects, involved 549 beneficiaries and supported 28 start-ups <a href="http://www.revesnetwork.eu/excellenceaward2013/file.php?zcid=147">http://www.revesnetwork.eu/excellenceaward2013/file.php?zcid=147</a>
Evaluative evidence	-	-	-