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Working  
paper

## Social Economy in Poland

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The recent evolution of the social economy sector in Poland proves that it has now the capacity to play a significant role in the Polish society. While the sector still has to face some impairments due to its non-linearly history, it has the large support of the Polish government which seems to grasp – at least partly – the importance of social economy for the socio-economic development of the country.

This report will briefly describe the history of the social economy in Poland, explain how contextual events or regimes have shaped its actual forms, and how the sector structured itself in order to give the best response to social needs.

The second part of the report will go through the main legislative pieces that went with the progressive recognition of the sector and of its importance. We will see that, despite of significant limitations, the legal context seems to be more favorable than ever to social economy and that 2013 will bring about some substantial changes in that matter that will have to show their relevancy for the sector development.

The third part will describe the most important structures of the sector in Poland. We will see that some inherit from the legacy of the traditional social economy while others were developed around different issues and organized themselves in more hybrid forms.

Lastly, we will analyse three best practices examples of social economy structures in Poland.

## 1. The history of Social Economy (SE) in Poland

Poland has a long tradition of social economy, although disrupted by major historical events.

The roots of the Polish social economy are to be found in the development of a third sector made of cooperatives and mutuals during the 19<sup>th</sup> and the beginning of the 20<sup>th</sup> century. This sector was emerging in reaction to societal changes and mainstreaming laissez-faire capitalism. “It seems that the issue of the social economy arises when a disparity between what people expect from the economy and what the economy offers becomes difficult to accept. In the 19<sup>th</sup> century, what identified a social enterprise in Poland was its **patriotic, grassroots, and independent character, which was connected to the development of the peasants’ movement**”.<sup>1</sup> These organisations were at the time focusing their activities on specific areas such as philanthropy, patriotism or self-help.<sup>2</sup> Their development was facilitated by the decree of 3 January 1919 on associations, granting them a legal status, which was reinforced later in 1932 by the “Law on associations”, and consequently, by the late 1930s, there were more than 10,000 associations registered in Poland.<sup>3</sup>

This “golden age” of the third sector was disrupted by the Second World War and abruptly interrupted during the **communist period**. In 1947, the socialist regime of the Polish People’s Republic cared for

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<sup>1</sup> Marek Rymysza, Tomasz Kaźmierczak (ed.), “*Social Economy in Poland, past and present, institute of social affairs*”, 2009, p.172.

<sup>2</sup> Hubrich D.K., Bund E., Schitz B., Mildenerberger G., “Comparative case study report on the state of the social economy”, deliverable of the project “the theoretical empirical and policy foundation for building social innovation in Europe (TEPSIE), European Commission, 7th Framework programme, Brussels, 2012.

<sup>3</sup> *Ibid.*

the **dissolution or privatization of independent social institution**, and by 1953, foundations were closed down and their property was transferred to the state.<sup>4</sup>

One had to wait for the 1980s to witness the revival of the Polish civil society with the creation of the trade union Solidarność as an important starting point. The **progressive openness** to the resurgence of the third sector was being gradually translated into legislative acts. The first one was the law on cooperative in 1982, which can explain that the number of cooperatives grew steadily from the 1980s to the early 1990s. Then, the law regulating foundations from 1984 and associations from 1989 comforted this regularization of the Polish civil society (even though each of these laws were amended in the 1990s).<sup>5</sup>

However, communism left a heavy burden on the Polish social economy. Indeed, during the communist period, the traditional third sector organisations were used as propaganda tools by the regime and cooperative in particular, as “the term was used to describe work and neighborhood unions during communist rule, while defined as a cooperative union, co-ops during that era had very little to do with cooperation or democratic standards. During the 1990’s many co-ops restructured themselves into companies, to some extent because of the **negative associations with the word “co-op”**, or returned to true principles of a cooperative.”<sup>6</sup>

This negative image can partly explain the steady fall of cooperatives creation since the mid-1990s, and also **the creation of new forms and structures of social economy**, differentiating itself from the older traditional forms of the 19<sup>th</sup> century (comprised of the traditional forms of associations, cooperatives, foundations and mutuels) with its socialist shadow, which were not considered as modern enough to answer to the new challenges of the welfare state crisis of the 1990s.

The profound socioeconomic transformation following the fall of the communist regime and the transition from a centralized to a market economy led to privatization or closure of many public employers. The general living standards didn’t match the rapid growth of the economy. The unemployment rate remained relatively high, among the most vulnerable social groups in particular – such as former employees of collective farms, women, social minorities, disables, etc. who have limited opportunities on the quickly changing and highly competitive labour market.<sup>7</sup> Consequently, the “new” social economy focuses its activities **on integration of people threatened by social exclusion in the labour market** through trainings and other relevant activities to achieve this goal at the local level.<sup>8</sup> The new social economy consists mainly of hybrid forms of organization as it relies heavily on attempting to connect different spheres, namely commercial and public, or commercial and non-governmental.<sup>9</sup>

The new social economy differs from the old in its forms, activities and aims, but what mainly differentiates the new wave of social economy from the old is **its large state support**, even though social economy was not seen as being developmental until the end of the 1990s. Indeed, during the economic transition to a market economy, politics considered social policy a protective function rather

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<sup>4</sup> *Ibid.*

<sup>5</sup> Mendell, M. et al. (2009), “Improving Social Inclusion at the Local Level Through the Social Economy: Report for Poland”, OECD Local Economic and Employment Development (LEED) Working Papers, 2009/01, OECD.

<sup>6</sup> “Social economy in Poland”, <http://www.ekonomiaspoleczna.pl/x/433523>, updated on 25/07/2012.

<sup>7</sup> *Ibid.*

<sup>8</sup> Mendell, M. et al. (2009), *op.cit.*

<sup>9</sup> Hubrich D.K., Bund E., Schitz B., Mildenberger G., *op.cit.*

than an activation one, and social economy activities as a set of actions that compensate side effects of economic reforms.<sup>10</sup> This “socially passive” vision of social economy slightly impeded its development.

<b>The “old” and “new” social economy</b>
<p><u>Characteristics of the traditional European model of the social economy (SE):</u></p> <ul style="list-style-type: none"><li>– SE fills niches that are “unattractive” for the commercial market;</li><li>– Participation in SE initiatives is based on the principle of reciprocity (mutuality);</li><li>– A key role of leaders and social activists in undertaking and promoting initiatives;</li><li>– Initiatives are grassroots and sustainable;</li><li>– Lack of legal benefits for SE institutions with a low level of market regulation by the state;</li><li>– Typical SE institutions: cooperatives, mutual insurance associations, credit unions.</li></ul>
<p><u>Characteristics of the modern social economy sector in the European Union:</u></p> <ul style="list-style-type: none"><li>– SE builds clusters around the “normal market”;</li><li>– The basis of participation in SE initiatives: the principle of inclusion of the socially excluded; the concept of “mixing risks” (in social enterprises, fully capable employees “lift up” disabled employees);</li><li>– The important role of leaders, managers as well as support from the state in undertaking and promoting the initiatives;</li><li>– Supported employment and social employment made possible with public subsidies;</li><li>– Significant legal benefits for SE institutions in the context of a relatively high level of market regulation by the state;</li><li>– Typical SE institutions: social enterprises, social cooperatives, non-governmental organisations that carry out economic activities.</li></ul>

Marek Rymsza, Tomasz Kaźmierczak (ed.), *Social Economy in Poland, past and present*, institute of social affairs, 2009.

The real development of the new social economy in Poland was launched with the country’s entrance into the European Union in 2004, which brought about new opportunities, especially in terms of funding (structural funds) and most notably through the **EQUAL community initiative**. This programme, which was implemented since 2001 in 25 EU countries, financed by the ESF and the participating member States, enabled cross-sectoral partnerships to explore new ways of supporting the most vulnerable social groups on the labour market through research, information exchange and study visits between EU member states.<sup>11</sup> The direction of development of the Polish social economy modal was without doubt shaped by initiatives funded by the EQUAL programme, which are characterized by<sup>12</sup>:

- an emphasis on investing in human capital while under-appreciating social capital;
- a preference for “vertical inclusion” to the detriment of strengthening horizontal links based on mutuality (“horizontal inclusion”);
- a preference for active labour market programmes, but with a more difficult implementation of social welfare activation programmes;

<sup>10</sup> Marek Rymsza, Tomasz Kaźmierczak (ed.), *op.cit.*

<sup>11</sup> “Social economy in Poland”, <http://www.ekonomiaspoleczna.pl/x/433523>, updated on 25/07/2012.

<sup>12</sup> Characteristics based on: Marek Rymsza, Tomasz Kaźmierczak (ed.), *Social Economy in Poland, past and present*, institute of social affairs, 2009, p.185.

- the phenomenon of a convergence of some elements of non-governmental organisations involved in the social economy: from the non-profit form, to not-for-profit and finally to not-for-private profit.

In conclusion, while the old social economy organizations seem to struggle with the communist legacy and to modernize their activities accordingly to the newest social needs, they still offer a huge but largely unexploited potential as, for examples, cooperatives do provide an important labour market for disfavoured groups.<sup>13</sup> Concerning the organizations of the newest waves of social economy development, there is an evident narrow focus on the role of the sector as addressing the needs for employment for the disadvantaged which has to be widened into a recognition that the social economy can be a useful complement to market and state provision of goods and services, as well as a mean to solve social problems across many different sectors.<sup>14</sup>

## 2. Legislation

The recent development of the social economy sector is clearly backed by the state. This support has been translated into important legislation pieces through the last decade, and this process is still ongoing. In the 1990s, important **amendments** were brought to the laws on cooperatives, foundations and associations that dated from the end of the communist regime. However, the most relevant legislative acts for the newest forms of social economy were only adopted in the beginning of the 21<sup>st</sup> century.

2003–2004 constitute landmark years for the Polish social economy with the development of a **National Strategy for Social Integration**, in which social economy was seen as one of the principal instruments to achieve that goal.<sup>15</sup>

Consequently, the **Social Employment Act** was adopted in 2003, offering new tools to enable socially excluded people to work.<sup>16</sup> Since then, about 60 Social Integration Centers (CIS) have been established on this basis by Polish NGO's, welfare centers and local government to help people from socially marginalized group to find a job (especially unemployed, the homeless and formerly incarcerated individuals).<sup>17</sup>

Still in 2003, the **Act on Public Benefit Activities and voluntary Movement** was passed. This legal act is the first to give a definition of non-governmental organizations and regulations of relations between public administration and non-governmental sector, including sub-contracting tasks, support to NGOs for undertaking public tasks, etc.<sup>18</sup> This Law provides for the creation of a new category of NGO – a

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<sup>13</sup> Frączak P., Wygnański J.J. (eds), "The Polish Model of the Social Economy: Recommendations for Growth. An invitation for a discussion, Foundation for Social and Economic Initiatives", Warsaw, 2008

<sup>14</sup> Mendell, M. et al. (2009), *op.cit.*

<sup>15</sup> *Ibid.*

<sup>16</sup> Claudia Cahalane, "The state of the social enterprise sector in Poland", Social Enterprise Network, The Guardian, February 2011, <https://socialenterprise.guardian.co.uk/lv/articles/social-enterprise-network/2011/feb/10/social-enterprise-poland-sector>

<sup>17</sup> "Social economy in Poland", <http://www.ekonomiaspoleczna.pl/x/433523>, updated on 25/07/2012.

<sup>18</sup> Mendell, M. et al. (2009), *op.cit.*

Public Benefit Organization. Apart from various tax exemptions, public benefit organizations have been given the possibility to collect 1% of individual income tax. Every citizen is given the right to donate 1% of his or her income tax to a selected NGO.<sup>19</sup> About 9 million of the country's 38 million citizens do this, which generated €92bn for Poland's social economy in 2009.<sup>20</sup>

Another milestone in the legislation related to social economy is the **Social Cooperatives act**, which was adopted in 2006, and amended in 2009. Already introduced by the Act on Promotion of Employment and on Labour in 2004, social cooperatives constitute a very important piece in the new Polish social economy and saw the consolidation of their status granted in 2006. They are based on a legal form designed to enable their members (generally these are people who suffer from social exclusion and misfortune: unemployment, handicap, addiction, etc.) to return to a regulated social life and the labour market.<sup>21</sup> The 2009 amendment was adopted after a heavy lobbying action of the social economy sector. The revised law on social co-operatives changes the proportion of members made up of people at risk of social exclusion and those not facing such challenges from 80%–20% to 50%–50% as the former proportion appeared to be too restrictive to keep viable organizational forms.<sup>22</sup> In addition, the 2009 amendment to the Law on Social Co-operatives also stipulates that changes were to be made to the Act on Public Procurement in such a fashion as to create preferences for companies employing people at risk of social exclusion, in accordance with the Directive 2004/18/EC on the co-ordination of procedures for the award of public works, supplies and services, allowing for social consideration to be taken.<sup>23</sup>

The lobbying action of the social economy sector is important to note as, at this stage, most state initiatives – while very much necessary – appeared very top-down in their orientation and most likely ignored social economy's realities and needs for development. The adoption of the amendment seemed thus to be the achievement of a consultation process that was initiated by the social economy sector and which was institutionalized in 2008 in the **Social Economy Council for Systemic Solutions**, with 21 members nominated by the Minister of Labour and Social Policy (six viceministers and representatives of the ministries, representatives of other public bodies, along with representatives of social economy organisations, the Trilateral Commission and academics), appointed to discuss strategies and proposals to foster the development of the social economy. <sup>24</sup>

The Social Economy Council takes part in the development of<sup>25</sup>:

- **The draft of the National Programme of Social Economy Development (KPRES):** This programme will run on the 2014–2020 period and will have as priority actions the promotion of a socially responsible territory; regulating actions in terms of definition and public procurement for the social economy sector; systems of social economy support; mainstreaming social economy in the public policies on the national and regional level; and education.

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<sup>19</sup> "Social Enterprises: Italian and Polish Experience", outcome of the project "Transnational Cooperation for Social Enterprises Development (TCSED)", co-financed by the ESF and EQUAL, Wałbrzych 2008

<sup>20</sup> Claudia Cahalane, *op.cit.*

<sup>21</sup> P. Frączak, J.J. Wygnański (eds), *op.cit.*

<sup>22</sup> Mendell, M. et al. (2009), *Op.cit.*

<sup>23</sup> *Ibid.*

<sup>24</sup> Learning Network Better Future for Social Economy, « A better future. Results of the network for better future of social economy », 2013, available at <http://www.socialeconomy.pl/>

<sup>25</sup> Based on « Actions in the field of social economy taken by the Polish Government », Warsaw, May 2013, available at: [http://ec.europa.eu/internal\\_market/social\\_business/docs/expert-group/20130522\\_poland\\_en.pdf](http://ec.europa.eu/internal_market/social_business/docs/expert-group/20130522_poland_en.pdf)



- **The draft on the legal act on social enterprise:** this new law would give a legal status to the social enterprises. The act would also introduce the Chamber of Social Enterprises, which would be given a control entitlement over all social enterprises. There would be two different types of social enterprise – the one aiming at reintegration and the one aiming at providing services of general interest. The adoption of this law is planned for the end of 2013.
- **The pilot loan fund for social enterprises:** co-financed by the ESF, this fund was launched at the beginning of 2013 and will give microcredit to about 250 social enterprises on preferential conditions.
- **The system of accreditation of centers of social economy support:** selecting centers delivering services of the highest quality and providing permanency of the support infrastructure, this accreditation system is planned to be launched by the end of 2013.

In conclusion, the legal context shows the progressive recognition of the sector and of its importance, and 2013 will bring about some significant changes in that matter that will have to show their relevancy for the sector evolution. The development of a real strategy for the social economy sector represents an important challenge and cannot uniquely be based on social assistance as its scope is too narrow to dealing with social actions. There also is a need to support mechanisms which will promote greater collaboration and coordination both horizontally and vertically across all levels of government with the social economy, as it will help to ensure that policy gaps and social economy needs and realities are addressed.<sup>26</sup> In this regard, the creation of the Social Economy Council for Systemic Solutions is an important step forward that still has to prove its capacity to take relevant actions.

### 3. Types of structures of the social economy in Poland

As mentioned in the previous sections, the Polish social economy sector is composed of organizations from the old and the new waves of the social economy development, ranging a variety of institutional forms from traditional non-governmental associations to those more closely associated with the private sector.

#### Institutions of the Old Social Economy

According to the Polish law, **associations** are defined as “voluntary, self-governing, non-profit, permanent unions of individuals aimed at fostering active participation in public life, actualizing individual interests, and expressing different opinions. An association may exist in three legal forms: unincorporated, incorporated and unions of associations”.<sup>27</sup>

Another important type of organization of the old social economy are **foundations**. Their major features are: legal personality, non-profit-making purpose, declaration of aims stated in the founding

<sup>26</sup> Mendell, M. et al. (2009), *op.cit.*

<sup>27</sup> Les E, Nalecz Z, Wagnanski J, “Defining the nonprofit sector : Poland”, working papers of the Johns Hopkins comparative nonprofit sector project, n°36, Baltimore, The Johns Hopkins Center for Civil Society Studies, 2000.

act.<sup>28</sup> The function of foundations is to fulfill socially or economically useful purposes, which includes health care, education, culture, environmental protection, etc. A foundation can participate in economic activities when it helps to reach its aim but this has to be clearly stated in its statutes.<sup>29</sup>

In 2008, there were about 75 000 foundations and associations in Poland, employing 65 000 people in order to implement socially or economically beneficial activities and self-governing non-profit voluntary associations.<sup>30</sup> Considering the overall number of foundations and associations, this represents an impressive group which is promising in terms of increasing the scale of activities by social economy organizations in Poland.<sup>31</sup>

**Mutual Insurance Societies** are insurance cooperatives that seek to benefit their members by offering discounted insurance coverage. In 2008, there were 9 mutual insurance societies, employing about 500 people.

**Cooperatives** run common activities for the benefit of their members. From the point of view of the social economy, the most important cooperatives are labour cooperatives that provide work to their members as their main economic activity; and cooperatives for the disabled that have a long tradition in Poland.<sup>32</sup> According to data from the Central Statistical Office (GUS), in 2005, there were about 18,000 cooperatives registered in Poland but, in practice however, some of them do not conduct any activity and the active number of cooperatives has to be reduced to around 13,000, employing about 500,000 people.<sup>33</sup>

### Institutions from the new social economy

Since the adoption of the Act on **Social cooperatives**, over 250 structures have been created (2012). The objective of these new structures is not related to running mutual commercial activity for the sake of their members like ordinary cooperatives do, but it focuses on running mutual enterprise basing on individual work of the members for the benefit of vocational and social integration.<sup>34</sup> In other words, Social cooperatives aim to socially and vocationally reintegrate their members who are individuals with societal disadvantages such as homelessness, unemployment, illness or poverty.<sup>35</sup> Social cooperatives operate in many different sectors (such as construction, food service, environmental protection and tourism).

**Occupational Therapy Workshops** constitute a separate legal and financial entity formed by either a local government or non-government organization which helps individuals that have difficulty joining the workforce because of a handicap. This rehabilitation is aimed to help them speed up the period of developing new skills and rebuilding old ones, so that they can find desirable work as soon as

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<sup>28</sup> *Ibid.*

<sup>29</sup> Hubrich D.K., Bund E., Schitz B., Mildenerger G., *op.cit.*

<sup>30</sup> Mendell, M. et al. (2009), *op.cit.*

<sup>31</sup> Frączak P., Wygnański J.J. (eds), *op.cit.*

<sup>32</sup> Mendell, M. et al. (2009), *op.cit.*

<sup>33</sup> Frączak P., Wygnański J.J. (eds), *op.cit.*

<sup>34</sup> "Social Enterprises: Italian and Polish Experience", outcome of the project "Transnational Cooperation for Social Enterprises Development (TCSED)", co-financed by the ESF and EQUAL, Wałbrzych 2008

<sup>35</sup> *Ekonomia społeczna*, "Terms and definition of social economy", 2012, available on <http://www.ekonomiaspoleczna.pl/x/789056>

possible.<sup>36</sup> There were 643 of them in 2008 with about 6700 participants in their workshops. They employed 8 085 employees in 2005.<sup>37</sup>

A **Vocational Rehabilitation Facility (ZAZ)** is a facility which offers employment opportunities for disabled people. These jobs are meant to be temporary, lasting the time of social and vocational rehabilitation of individuals. The idea of forming such facilities comes from the 1997 law regarding vocational rehabilitation and employment for the handicapped. In 2008, about 50 Vocational Training Centre offered transitional employment specifically to the physically and mentally disabled with the goal of helping them re-enter the open labor market.<sup>38</sup>

**Social Integration Centers (CIS)** are established by the local self-government units together with a NGO. They organise educational programmes for people threatened by social exclusion (especially long-term unemployed, the homeless, formerly incarcerated individuals). There were 55 CIS with over 500 employees in 2008.<sup>39</sup>

**Social Integration Club (KIS)** provide individuals and their families the chance to rebuild and improve their social and vocational skills in order to help them better function as part of society. The club aims to bring together and integrate people of similar social disadvantages.<sup>40</sup> They may be established by local self-government units or by NGOs and were about 400 in 2008.<sup>41</sup>

**Table 2.3.** Polish social economy in numbers

Types of institutions	Approximate number of institutions	Number of employees (full-time equivalent)	Number of members
Associations and foundations	75,000	c. 65,000	9 – 10 million
Economic self-government organisations	5,500	33,000	1,100,000
Cooperatives	12,800	469,000	c. 10 – 11 million
including cooperatives of invalids	350	55,000	30,000
Mutual Insurance Societies	9	500	?
Other mutual organisations	880	?	?
Social cooperatives	120		400
Professional Activity Facilities (ZAZ)	48	1,700	-
Social Integration Centres (CIS)	55	500+?	-
Social Integration Clubs (KIS)	300		-
Total	c. 94,000	c. 600,000	c. 16 – 17 million

Source: Frączak P., Wygnański J.J. (eds), "The Polish Model of the Social Economy: Recommendations for Growth. An invitation for a discussion, Foundation for Social and Economic Initiatives", Warsaw, 2008

One of the main difficulties for the social economy sector is the lack of funds for activities: 73% of the organizations say that poor financial condition and difficulties in fundraising are a problem that affects their day-to-day operation.<sup>42</sup>

<sup>36</sup> *Ibid.*

<sup>37</sup> Mendell, M. et al. (2009), *op.cit.*

<sup>38</sup> *Ekonomia społeczna, op.cit.*

<sup>39</sup> Mendell, M. et al. (2009), *op.cit.*

<sup>40</sup> *Ekonomia społeczna, op.cit.*

<sup>41</sup> Mendell, M. et al. (2009), *op.cit.*

<sup>42</sup> Frączak P., Wygnański J.J. (eds), *op.cit.*

The main source of funding for the social economy organizations are as follow:

Based on public funds	43%
Based on donations and 1% of taxes	17%
Based on membership contribution	17%
Based on earned income and charges	7%
Practically no resources	11%
Based on the support of other organisations or branches	3%

Source: Polskie organizacje pozarządowe 2010, <http://civicpedia.ngo.pl/files/civicpedia.pl/public/raporty/pomaraneczowka2010.pdf>

As we can see on the above table, social economy organizations in Poland are very much dependant on state helps and has yet to try to make a greater use of the opportunities of market oriented activities. Recognising that social economy organizations need greater financial security raises the issue of the current short-term (one year) funding cycle from the state. The various programmes are essential but insufficient to meet both operational costs of social economy entities and to permit consolidation and growth, because they are, by large, short-term and targeted programmes. The challenge is to combine these programmes with financial innovation that will include a diversity of financial tools to meet the diverse needs of the social economy.<sup>43</sup> On this financial matter, the cooperative banking sector should also play a role. Great hopes may be placed on development of the social economy at the regional level too. The first regional pact was established under the title “Malopolska Pact for the Social Economy” and the Malopolska Social Economy Guarantee Fund is also under development.<sup>44</sup>

In conclusion, we can say that the Polish social economy sector has yet to reach its full potential: it makes up 5.9% of the labour market – in comparison to 8.3% in France, 9.5% in the Netherlands and 9% in Ireland (2008).<sup>45</sup> This is partly due to the fact that the sector is still perceived within the scope of social integration only, hiding a huge part of his economic potential. There is a need for social economy to be integrated into policies that address health, social issues, education, environmental issues, labour market strategies, business development and so on.<sup>46</sup> In addition to this, the variety and innovativeness of social enterprises require varied and broad support for their activity. This is why it is important to break through the sector-based thinking.<sup>47</sup> The legal act on social enterprises that will be adopted by the end of the year will already constitute a big step forward.

<sup>43</sup> Mendell, M. et al. (2009), *op.cit.*

<sup>44</sup> Frączak P., Wygnański J.J. (eds), *op.cit.*

<sup>45</sup> “Social economy in Poland”, <http://www.ekonomiaspoleczna.pl/x/433523>, updated on 25/07/2012.

<sup>46</sup> Mendell, M. et al. (2009), *op.cit.*

<sup>47</sup> Frączak P., Wygnański J.J. (eds), *op.cit.*

#### 4. Examples of 3 SE structures existing in Poland

##### - Social Enterprise 'Być Razem'<sup>48</sup>

###### ***Background***

The social enterprise "Być Razem" understands that a stable job is the foundation to restoring someone's life, and helping them recover after faced hardships. The Cieszyn-based social enterprise aims to employ, on the basis of market rules, people at risk of exclusion and marginalization, in particular the homeless, unemployed and disabled people; and support the social cooperative societies created by these people. The association Być Razem, which means 'Be Together' in English, is engaged in working with homeless and unemployed people in Cieszyn. Cieszyn. In 2004, the association received a devastated factory plant after the 'Polifarb' company from the city council for the sake restoration and use.

###### ***Aim and target group***

The social enterprise Być Razem aims to reinstate the excluded people into the job market creating new job positions for them; take part in revitalization of post-industrial areas of Silesia; participate to inclusion of excluded people into the job market using work and necessity of contacts with other people as a therapy; and promote social entrepreneurship.

###### ***Structure***

The members of the association created the social enterprise which can employ, on the basis of market rules, people who used the association services or worked in group therapy workshops. The idea was incorporated to the development strategy of Cieszyn and acquired the financial support from the European Union funds under the Integrated Regional Development Programme (sub-activity: revitalization of post-industrial areas of Silesian county). The locality was the proponent and the association was the social partner. The association received approximately PLN 5 million in total i.e € 1.26 million (from European Union funds, city council, ministry) for the project. The investment took 1 year and a half.

The idea resulted in the creation of the Foundation for the Social Enterprise Development 'Być Razem' in 2007 which runs the economic activity. Its task is to acquire funds for the social activity in order to become independent from the public financing, and create job positions for homeless and excluded people – as well as supporting the social cooperatives created by the foundation.

###### ***Activities:***

The social enterprise comprises of two basic sectors: the workshops sector consisting of: laundry, tailor, joinery, locksmith, construction work section, kitchen/catering; the education and social work

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<sup>48</sup> This best practice example is based on "Social Enterprise 'Być Razem'", available on <http://www.ekonomiaspoleczna.pl/x/718029>, updated in June 2012. More info on the project: [fundacjabycrazem@wp.pl](mailto:fundacjabycrazem@wp.pl) – [www.fundacjabycrazem.pl](http://www.fundacjabycrazem.pl)

sector which conducts: education, trainings, social work. Under the social enterprise incubator scheme, there are two social cooperatives operating (cleaning services cooperative and gastronomical cooperative). The recruitment for the third cooperative society (tailor) is currently ongoing.

All of the workshops are equipped with modern and safe equipment. Both the premises and the equipment satisfy all the necessary standards required for market enterprises. All the workshops' workers are either long term unemployed, homeless, prison leavers or handicapped people. There are currently 17 people and 2 warders working in the workshops. The employees are recruited by the job center, 'Być Razem' association and Municipal Social Help Center (MOPS) in Cieszyn. The majority of the workers are the inhabitants of the community houses which are managed by the 'Być Razem' Association.

The training-education activity is all commercial, and chargeable under the various projects in partnership with social help centers (municipal and communal). The trainings encompass: communication, auto presentation, maneuvering on the job market, and job negotiations. They are conducted by 5 psychologists and trainers employed in 'Być Razem' Association.

***Results :***

- Number of employees (in all forms of business activity): 66 people. 19 people found employment in the social enterprise; 8 people in 'New Horizon' social cooperative society; 5 people in 'Supersmak' social cooperative society; 5 women will find the job in newly created tailor social cooperative. The recruitment for workshops and social cooperatives is still ongoing.
- All the employees are hired with employment contracts.
- In 2009, more than 900 people, including 330 long term unemployed, benefited from the assistance of the Foundation for Social Enterprise Development 'Być Razem'. Each year, several dozens of them find the jobs on the open market or in economic subjects managed by the foundation.

***Financial Data :***

In 2008, the foundation signed a 5-years contract (with possibility of extension) with the city for the enterprise operation. The local government granted an interest-rate-free loan of PLN 150 thousand (i.e. € 37 800) for the term of 2 years but stipulated in the agreement that the enterprise must be self financing. In this year (2010) the loan was fully repaid. The workshops and social cooperative societies along with training activities are fully self sufficient.

- [Social service-trade-production cooperative in Byczyna](#)<sup>49</sup>

### ***Background***

Byczyna is a small middle-age town with about 10 thousand inhabitants. Lack of industry and perspectives for agriculture increased the number of unemployed up to 1083 people in 2004 (54% of them were under the age of 34). Most of them have low or unclaimed qualifications. Therefore, they had to address for social allowance, which cost the district budget 150.000 PLN (40.500 Euro). District administration tried to change the situation in order to reduce social budget expenses, develop the district and stir up the citizens.

### ***Structure***

The history of changes has started in 2001, when Byczyna Social Assistance Center designed the program "Self-Dependence." Then the Law on Social Employment passed in 2003 provided the administration with other opportunities and in 2004 they opened Community Integration Center "CISPOL." The Center created individual programs of social employment with additional education in writing, reading and speaking, personal manners, paper work as well as with vocational trainings for builder, gardener, carpenter and mechanic. In the first group of 34 participants, 15 people were chosen to establish a social enterprise for service, trade and production. The stakeholders are all customers: institutions (District Employment Office, Community Integration Center, etc.), district administration, companies and individuals. The cooperative was included into district administration plan for local development as service delivery and community activity.

### ***Aim and target groups***

The objective of the structure is to provide specific programme to help with the reintegration of individuals on the labour market. Members of the social cooperative are long-termed unemployed with problems, people with agricultural past. At the beginning there were 15 people, 6 people have left for retirement or another job, though one person from Community Integration Center has joined them recently.

### ***Activities***

The Cooperative conducts the following activities: construction and building - contracts from public administration, housing cooperatives, individuals and companies (seasonal works - dust and snow cleaning, tree cutting, etc.); education; within the local project "Employment Around the Town" - mostly construction of stoneblock pavement and wooden middle-age style town, renovation of ancient town walls, etc. These activities gave job and salaries to 10 people as well as led to decrease of unemployment and increase of district budget income in Byczyna.

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<sup>49</sup> This example is based on the best practice example given in "Social Enterprises: Italian and Polish Experience", outcome of the project "Transnational Cooperation for Social Enterprises Development (TCSED)", co-financed by the ESF and EQUAL, Wałbrzych, 2008. More info on the project: <http://www.spoldzielnia.byczyna.pl/>

## ***Financial Data***

The cooperative is run with about 0,5 million PLN (135.000 euro)

- [Alexis Cooperative](#)<sup>50</sup>

## ***Background***

Alexis Cooperative was established in 2010 by a group of five women who found themselves unemployed after losing their jobs in a textile company. They decided to continue working together in the same sector and, with the support of local public institutions, they created the first social economy initiative in Łomża, a medium sized town in north east Poland. Alexis Cooperative produces and sells textile products to a number of clients in Poland and abroad.

## ***Aim and target group***

The aim of Alexis cooperative is to provide jobs for unemployed members of the local community, to create a stable and friendly work place, and to support other social cooperatives which have just begin their activities. Alexis Cooperative also aims to be a reliable, recognised and prospering producer of textile products, valued for its professionalism and high quality work.

The main target group of Alexis's activities are members of the cooperative, and also unemployed homeless people with difficult life situations, or disabled people who – according to the cooperative's statute – can be employed by Alexis. Other groups in the local community can be mentioned as beneficiaries of Alexis, including the future social entrepreneurs who are supported by the cooperative with advisory activities, and also local social institutions with whom Alexis cooperates by providing occupational trainings.

## ***Structure***

Alexis is a social cooperative. Currently, the cooperative employs around 30 people, eight of whom are cooperative members. The majority of them work at the production site, with two members taking care of the management and administration of the cooperative. Problematic issues are solved by the members who try to reach consensus.

## ***Activities***

Alexis manufactures a variety of textile products, such as bed linen made from various types of fabrics, decorative textiles, hotel textiles and bags. The cooperative realises orders from a number of clients including large retailers, such as Real, Tesco and Jysk, hospitals and hotel companies. The products of Alexis are sold in shops in Łomża as well as through the clients' retail chains in different countries.

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<sup>50</sup> This best practice example is based on: "AUR" – the National Association of Human Resources Specialists (ed.), "Good practices guide social economy in Europe", report of the project "The creation and promotion of social economy instruments for labor market inclusion of disadvantaged groups", co-financed by the ESF, June 2013, available at: [http://www.karat.org/wp-content/uploads/2011/10/Good-Practice-Guide\\_On\\_Social\\_Economy\\_in\\_Europe.pdf](http://www.karat.org/wp-content/uploads/2011/10/Good-Practice-Guide_On_Social_Economy_in_Europe.pdf)



Alexis has managed to secure a number of regular clients, which provides the cooperative a relatively stable development and allows the creation of additional work places.

Production is organised in a workshop located in a rented building provided by the local authorities. Professional equipment was secured by the cooperative members themselves, having invested their compensation funds received upon termination of their employment by their previous employer. The cooperative members are constantly working to improve the standards of their workshop as well as working conditions.

Apart from intensive regular production work, which is the core activity of Alexis, the cooperative also engages in a number of projects aimed at occupational activation of various vulnerable groups, as well as supporting the development of other social economy initiatives. Alexis also engages in projects supporting potential social entrepreneurs.

### ***Finances and Partnerships***

Partnership with local authorities and the Labour Office in Łomża were particularly important in facilitating the development of the initiative as a social economy entity. Local institutions supported the women from Alexis to utilise the instruments of social economy. They benefited from the funds allocated for the development of social economy enterprises awarded by the Labour Office. Local authorities helped the newly established cooperative by offering preferential rental rates on the premises for Alexis. They also promoted the cooperative in media and in the local community, engaging it as a partner in a number of projects aimed at social inclusion or occupational activation of different groups, or development of social economy in the region

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