



Social enterprises and their eco-systems: A European mapping report

Updated country report: Spain



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This report provides an overview of the social enterprise landscape in Spain based on available information as of July 2016. The report updates a previous version, submitted by ICF Consulting Services to the European Commission in 2014.

The current report has been prepared as part of a contract commissioned by the European Commission to TIPIK communication agency to update the country reports for seven countries. The research work has been conducted under the supervision and coordination of Euricse and the EMES European Research Network. The revision of the report was carried out by Millán Díaz-Foncea and Carmen Marcuello (University of Zaragoza) and Rocío Nogales (EMES). The authors acknowledge useful research assistance and comments from the national stakeholders and the valuable input from EU level project coordinators (Carlo Borzaga, Barbara Franchini and Giulia Galera) and comments from Jacques Defourny, Fergus Lyon and Marthe Nyssens as members of the advisory board.

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LIST OF ACRONYMS

CEE - Special employment centre for social initiative (*Centro especial de empleo*)

CEPES - Spanish Confederation of Entities of Social Economy (*Confederación Empresarial Española de la Economía Social*)

CIS - Social initiative cooperative (*Cooperativas de iniciativa social*)

COCETA - Social Initiative Cooperatives Association (*Confederación Española de Cooperativas de Trabajo Asociado*)

EI - Employment integration enterprise (*Empresa de inserción*)

FAEDEI - Federation of Associations for the Professional Integration of Communities at Risk of Exclusion (*Federación de Asociaciones Empresariales de Empresas de Inserción*)

FEACEM - Business Federation of Associations of Sheltered Employment Centres (*Federación Empresarial Española de Asociaciones de Centros Especiales de Empleo*)

INFES - National Institute for the Promotion of the Social Economy (*Instituto Nacional de Fomento de la Economía Social*)

REAS - Network of Alternative and Solidary Economy (*Red de Economía Alternativa y Solidaria*)

WISE - Work Integration Social Enterprises (in Spain this includes CEEs and EIs)

EXECUTIVE SUMMARY

The evolution and situation of social enterprises in Spain are inevitably linked to the wider framework of the social economy. Although other marginal roots also exist in relation to advocacy associations, social innovation approaches and the contribution of social entrepreneurs, Spain has a long tradition of social economy organisations involved in income-generating activities for social rather than commercial purposes. In fact, the term 'social economy' is more recognised by practitioners and society than 'social enterprise', although an intense debate is emerging.

Currently, there is a dialogue in Spain between two ways of understanding social enterprises and how they stand between the traditional forms of social economy and new business models that balance economic and social aims. One position understands social enterprise as part of the social economy, while the second considers social enterprise as a new field. A recent evolution in the conception of social enterprises fits between these two positions, reaching a common point whereby the concept of social enterprise could be integrated into the social economy framework as the result of the expansion of its borders. Such a perspective is in line with the resolution of the Spanish Parliament, which understood Law 5/2011 on the Social Economy to be the legal framework for social enterprises in Spain. This law offers a legal framework for all entities that form the social economy, such as those that traditionally belonged to the social economy, as well as for all other model of enterprises whose economic activity is based on the principles of social economy. These principles are in accordance with the working definition of social enterprise in Annex 1, although the latter is characterised by an emphasis on the general interest and the participatory governance of these organisations. In all, Law 5/2011 has the flexibility to become the legal framework for social enterprises in Spain.

Some specific business models can be characterised as social enterprises in Spain. Firstly, those with a long tradition in the provision of social services and/or goods and services to vulnerable people which apply a method of production with a social objective, and which are regulated, sometimes as specific legal forms, and other times via social qualification of liability companies. These models are social initiative cooperatives (CIS), work integration social enterprises (WISE) – which include two sub-models, namely employment integration enterprises (EI) and special employment centres of social initiative (CEE) – and some associations and foundations with economic activities.

Social initiative cooperatives have been regulated since 1999 by the national law on cooperatives that includes this model as a new type of cooperative. It is also included in regional laws on cooperatives, although in some cases, more than a new type of cooperative, the 'social initiative' is a qualification of worker cooperatives. Likewise, WISEs are ruled by specific regulations at national and regional levels which have been updated regularly to better fit the circumstances of these organisations. Law 31/2015 qualifies as EIs those liability companies whose social objective is the integration and employment training of people experiencing social exclusion as a way to access the ordinary employment market. This law specifies that these entities provide services of general economic interest. Similarly, the CEE is the designation for those liability companies whose aim is to offer paid employment and provide personal and social services to disabled people. Therefore, there is specific legislation that regulates social enterprises in practice – even though it does not mention the term specifically – which connects with the tradition of legislation in other neighbour EU countries (e.g. Italy).

In addition to these models, other types of cooperatives (not only social initiative cooperatives) could be defined as social enterprises. It is worth noting that some innovative businesses search for social performance in a way that is difficult to fit into previous models. They can be considered as emerging forms of social enterprises, and in this sense it may be necessary to formulate a specific normative regulation for these social enterprises to promote and develop them and to expand the scope of the previous models.

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In 2010, the last year with complete data, there were 1 193 social enterprises in Spain according to available sources (508 CISs, 193 EIs, and 492 CEEs). Andalusia, Catalonia and the Basque Country are the regions with more entities, as well as the Valencian Community in the case of CISs. They carried out their economic activity mainly in sectors such as cleaning and both personal and social services.

In Spain there is a certain amount of ongoing debate about social enterprises. The main discussion topics revolve around the position of social enterprises in relation to the social economy, the level of constraint on profit distribution, the source of funding to be considered a social enterprise, the need to create a social enterprise label and the economic role of these organisations. In all, these issues point toward the wider debate of whether social enterprises can best be understood as an innovative institutional tool for a new system of social welfare or as an excuse to justify the withdrawal of public authorities from the provision of certain services.

1. BACKGROUND

Social enterprise as a new phenomenon can be traced to the tradition of the different entities comprising Spain's social economy and to non-profit organisations (NPOs), such as associations that do not engage in economic activities. Spain's long tradition of a social economy includes different types of organisations, such as cooperatives, voluntary bodies and foundations, as well as other NPOs that have long taken part in income-generating activities for social rather than commercial purposes.

An example is the so-called *sociedades de socorro mutuo* (literally, 'mutual relief societies', which largely correspond to the modern concept of 'mutual insurance organisations') which emerged in the 19th century as precursors to a social security system. These societies aimed to respond collectively to individual needs or risks, for example by providing health insurance or tackling unemployment. This collectivist aspect represents one of the main characteristics of the social economy in the country, which contrasts with the impulse of the social entrepreneur with a more individual dimension that has been attracting a lot of interest in the Spanish context recently.

On the other hand, the economic context across history has paved the way for the emergence of social entities in Spain. The economic situation in the 19th century and the beginning of the 20th century in the rural field caused the emergence of agrarian cooperatives and their credit sections and savings banks which favoured the financial inclusion of its members. Likewise, the industrial crisis of the 1970s (which coincided with the political process of Spain's transition to a democratic form of government) resulted in high levels of unemployment and public spending cuts. Subsequently, civil society organisations, as proto-social enterprises, emerged in response to unmet demands for social services and to solve unemployment problems. In practice, during this period, different institutional arrangements emerged that would be grouped in the social economy sector and create the basis for social enterprises in Spain: work integration social enterprises, among others. The social and economic crisis suffered in Spain in recent years has caused the flourishing of new models of business to try to satisfy the economic, social, environmental and cultural necessities, among others, of their communities. This has been an important stimulus for emerging social enterprises, sometimes linked to legal innovations that allow for better development of these entities.

In order to understand the Spanish situation it is worth noting the decentralised administrative system in the country. Such distribution results in a high diversity in the public policies promulgated in the regions, which affects their social and economic development as well as the capacity for creation and consolidation of social enterprises. This effect is examined in the following sections, mainly in the figures of social enterprises and in the origin of legislative proposals on this field across the regions.

Finally, the high level of institutionalisation of the social economy in Spain requires that any new organisational model active in the social field uses this socio-economic sector with a strong relevance to the Spanish reality as a reference framework.

2. SOCIAL ENTERPRISE ROOTS AND DRIVERS

Social enterprises have originated mainly from two sources: one stemming from the social economy with deep historical roots, and the other, with more recent historical roots, related to their evolution from advocacy associations which are not included in the social economy sector. Focusing on the former, cooperatives have a special relevance both to the development of the social economy and to the current process of the institutionalisation of social enterprises. They were regulated by the 1986 law, which gave some features to cooperatives that are now used in the working definition of social enterprises. Likewise, the following updated laws on cooperatives have included new types of cooperative that fit this working definition better. A key example is the social initiative cooperative (*cooperativa de iniciativa social* [CIS]) (National Law 27/1999), following the examples of some other EU member states, such as Italy⁽¹⁾. Additionally, the latest regional laws on cooperatives include new types that presuppose an evolution to social enterprises due to their economic activities (housing cooperatives under cession of use) and the agents involved (public service and entrepreneurial initiative cooperatives).

Second, this period of industrial crisis also witnessed the emergence of two types of work integration social enterprise (WISE) – those targeting people with disabilities (sheltered workshops), named 'special employment centres for social initiative' (*centros especiales de empleo* [CEE]), and those targeting socially excluded groups, named 'employment integration enterprises' (*empresas de inserción* [EI]). WISEs were different from cooperatives because they were not mutual self-help organisations but were aimed at integrating those who were systematically excluded from the employment market⁽²⁾. The two types of WISE could be considered social enterprises in Spain although they were created 20 years before this term appeared.

Third, associations and foundations are other organisations that form the roots of social enterprises in Spain. They evolved from being devoted to cultural, educational and other non-economic activities to carrying out relevant economic activities, and in many cases promoting the enterprises mentioned in the previous paragraph. In this sense, the decade of the 2000s also witnessed a significant development in the recognition and regulation of non-profit entities (associations, foundations and Non-Governmental Organisations – NGOs). A more favourable fiscal framework for these types of entity was laid down in 2002 by Law 49/2002 on the fiscal regime of non-profit entities and on fiscal incentives for patronage⁽³⁾. In the same year, a new law 1/2002 was issued for associations, replacing the pre-Franco Law that had been in effect since 1965. Similarly, for foundations, a new law 50/2002 was promulgated in 2002 replacing laws dating back to the 19th century. In both cases of social enterprises, these revisions allowed associations and foundations to develop economic activities under better conditions.

All of the above-mentioned organisations were included in the umbrella term of social economy during the 1990s, causing the concept of social economy to be more widely recognised than that of social enterprise. The recognition of this concept results from three main issues: first, the formation of the National Institute for the Promotion of the Social Economy (*Instituto Nacional de Fomento de la Economía Social* [INFES]) in 1990; second, the Ministry of Employment and Social Security's publication of a white paper on Spain's social economy in 1992; and third, the collection and publication of statistics on worker-owned companies and cooperatives from 1993 onwards.

(1) Ibid.

(2) Vidal, I. (2001) Social enterprises as a response to employment policy failure, in Borzaga, C. and Defourny, J. (Eds). The Emergence of Social Enterprise, London, Routledge.

(3) Available at: <https://www.boe.es/buscar/act.php?id=BOE-A-2002-25039>.

This institutionalisation process was also based on further legislative initiatives aimed at giving an impetus to certain segments of the social economy being transformed into new forms of enterprise, such as Law 39/2006 on the Promotion of Personal Autonomy and Attention to Persons in a Situation of Dependency, and Law 44/2007 on the Regulation of Work Integration (Social) Enterprises (WISEs). However, the main achievement in this process was the creation of the Law on Social Economy (Law 5/2011), which was introduced with the aim of recognising and supporting the social economy as a separate economic activity sector that would require substantive public promotion and support. Following this example, this legal framework has also been developed in other European countries, such as Portugal (2013) and France (2014).

In summary, in Spain, the social economy concept has achieved public recognition and has been explicitly regulated by law. In contrast, the social enterprise concept has received less public recognition, with inadequate development of explicit regulation. However, even when social enterprises are not recognised by a specific law, it does not mean that there is no legal framework for organisations that could be defined as social enterprises. Similar to other countries, such as Italy, in which the law does not explicitly refer to social enterprises, the characteristics of these enterprises are grouped under other legal forms, most of them mentioned previously. In fact, social enterprises can be included in the general Law on Social Economy. This issue is developed in more depth in the next section.

Finally, as mentioned above, in addition to the two main roots of social enterprises in Spain, the current economic crisis and the ensuing public fiscal austerity, as well as the high unemployment rate and cuts in welfare state provision, represent recent drivers for the creation of social enterprises in Spain. These factors, combined with new elements from the supporting structures, such as social entrepreneur programmes and private initiatives for encouraging social initiatives, seem to have acted as impulses for emerging new forms of social enterprises, where entrepreneurs engage in economic activities but with clear social aims and within a participatory decision-making process. All of them represent a movement of new civic attitudes towards co-responsibility and the resolution of common problems, coming from the private sphere⁽⁴⁾. In this regard, the transition from traditional sources of funding for associations and foundations (public funding and donations) to new sources of funding (e.g. crowdfunding) is currently underway in parallel with the engagement in economic activities to achieve their social aims and make them sustainable over time⁽⁵⁾. In this sense, another consequence of the crisis is the shift in attitude of Spanish social investors towards the type of projects for investment. Over the last few years, new initiatives by investment funders which are interested in international cooperation and environmental activities have been created, following requests from clients of private banks. In the beginning, clients were looking for returns in social or environmental terms. They are currently shifting their focus to groups at risk, such as unemployed people or people with disabilities who have been severely affected by the economic crisis.

In short, there are two types of social enterprise drivers in Spain – one whose roots are based on the social economy sector, with a long tradition and an intense institutionalisation process, and the other in response to the recent economic situation and its consequences, with the solution promoted by social entrepreneur programmes and clients of private banks. We focus on these different support groups in the following sections in order to explain their influence on the situation of social enterprises in Spain.

⁽⁴⁾ Social Innovation Europe: Social Innovation in Spain. Available at: <https://webgate.ec.europa.eu/socialinnovationeurope/social-innovation-spain>.

⁽⁵⁾ Salinas, F. and Rubio, M.J. (2001) Tendencias en la evolución de las organizaciones no lucrativas hacia la empresa social. CIRIEC-España, Revista de Economía Pública, Social y Cooperativa, No 37, pp.79-116.

2.1. Defining social enterprise borders

2.1.1. The EU Operational Definition of Social Enterprise

This report draws on the organisational definition as included in the Social Business Initiative of 2011 that was further operationalised by the Mapping Study (EC, 2014). As defined by the Social Business Initiative of 2011, a social enterprise is 'an undertaking:

- whose primary objective is to achieve social impact rather than to generate profit for owners and shareholders;
- which uses its surpluses mainly to achieve these social goals;
- which is managed by social entrepreneurs in an accountable, transparent and innovative way, in particular by involving workers, customers and stakeholders affected by its business activity'.

This definition arranges social enterprise key features along three dimensions:

- the entrepreneurial dimension,
- the social dimension,
- the dimension relating to governance structure.

Provided that the pursuit of explicit social aims is prioritised through economic activities, these three dimensions can be combined in different ways and it is their balanced combination that matters when identifying the borders of the social enterprise. Building upon this definition, a set of operational criteria has been identified by the Commission during a previous step of this study (see Annex 1 for more details).

2.1.2. Concept and legal evolution of social enterprise in Spain

In Spain, there is no formal definition of what constitutes a social enterprise, and this concept has scarcely been used in public discourse, policy and society in general. However, the situation is changing, and the concepts of social enterprise and social entrepreneurs are gaining in importance. The media have already reported about this new reality and related concepts⁽⁶⁾, discussing social entrepreneurs who aim to improve society while carrying out economic activities. In parallel to this evolution, the social economy concept still prevails in the public discourse, the academic field and public policy, starting with the enactment of Law 5/2011 on Social Economy in 2011.

There is a conceptual debate in Spain about the relationship between the concepts of social economy and social enterprise⁽⁷⁾. During the emergence of the social enterprise concept in the country, competition was observed between 1) organisations supporting social economy and 2) social enterprise support organisations and other advocacy associations that were not included in the social economy sector. The former felt that only forms such as cooperatives, WISEs, mutual insurance organisations, foundations or associations (all related to the social economy field) could be defined as social enterprises. The latter often preferred not to be linked to the traditional social economy and perceived themselves as comprising an innovative field with new rules.

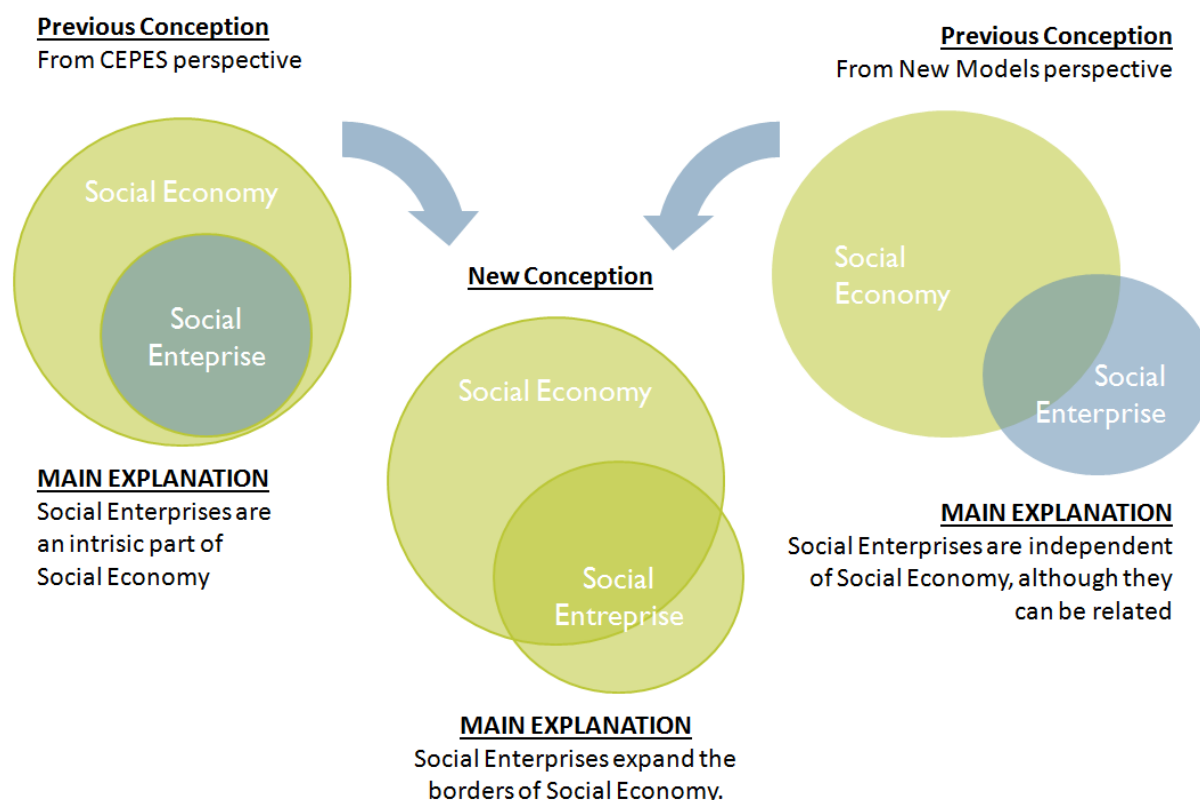
However, a relationship between these terms can be observed, as revealed in the preceding paragraphs. In other words, social enterprises could refer both to the

⁽⁶⁾ El País (2013): 'Social entrepreneurs with soul'. Available at: http://sociedad.elpais.com/sociedad/2013/02/24/actualidad/1361743315_132277.html.

⁽⁷⁾ There are differences and similarities between both concepts. In the annexes, working definitions of social enterprises and social economy can be found for comparison. Likewise, there are several documents referring to this topic. One of the latest is Nogales, R. (2016): 'On the concept of social enterprise in Europe'; a document drawn up for GECES on 14/4/2016, available at: <http://dobrarobota.org/wp-content/uploads/2016/04/GECES-Rocio-Nogales-Note-On-the-concept-of-social-enterprise-in-Europe-for-GECES-140416.pdf>.

traditional forms of social economy with some qualities and to those new business models that balance economic and social aims ⁽⁸⁾. Figure 1 presents this evolution.

Figure 1. Evolution of the relationship between the concepts of social economy and social enterprise in Spain



Source: Own graphic based on the comments of the expert panel.

This evolution in the relationship between the terms 'social economy' and 'social enterprise' could be observed in the evolution of the legal framework in Spain. Regarding the latter perspective of understanding social enterprise as a new field, a regulatory initiative was proposed to the Spanish Parliament in 2013, with the support of those advocacy associations of social enterprises that were not included in the social economy sector but were related to the ecosystem of social innovation and social entrepreneurship ⁽⁹⁾. The initiative pursued the establishment of a legal form of social enterprise called *Sociedad Limitada de Interés General* (literally, General Interest Limited Company) and mainly focused on the creation of a legal framework to access investments of those enterprises with 'social goals'. This initiative was inspired by the Social Business Initiative guidelines of the European Commission, with the objective to increase the visibility, credibility and recognition of social entrepreneurship. However, this initiative was not approved by the Spanish Parliament, stimulating a national debate

⁽⁸⁾ We thank the panel of experts in this study for their comments. They were very helpful in observing this new understanding of the relationship between the concepts of social economy and social enterprises.

⁽⁹⁾ Available at: <http://www.upsocial.org/es/emprendedoria-incidencia-politica/noticia/promotores-de-referencia-del-emprendimiento-social-apoyan>.

about whether social enterprise should be developed within the framework of Law 5/2011 on Social Economy and according to the Commission's strategy and directives⁽¹⁰⁾.

The resolution of the Spanish Parliament indicated Law 5/2011 on Social Economy to be the legal framework of social enterprises in Spain, in line with the new concept presented in Figure 1. This law builds a legal framework for all entities that form the social economy. This law does not create (or regulate) a new legal entity type (the social economy entity) but simply groups together (for identification and promotional purposes) entities with specific legal forms that existed previously (Article 1). However, it stipulates that all entities included in this sector should follow values based on certain principles, such as the supremacy of the person/social goal over capital, the distribution of profits that are not according to capital provision, devotion to social sectors and independence from public power (Article 4)⁽¹¹⁾.

Moreover, Law 5/2011 clarifies entities that have traditionally formed part of the social economy, such as cooperatives, mutual insurance organisations, WISEs and associations and foundations engaged in economic activities, among others. However, the law also includes in social economy 'all those enterprises whose economic activity is based on principles presented previously' (Article 5).

Following Fajardo's (2013) position, according to these previous arguments, the social enterprise concept could be integrated into the framework of social economy, even as an extension of the borders of social economy. In fact, regarding the principles of social economy (in accordance with the working definition of social enterprise in the Annex) and the broader view of the legal forms of social enterprises included in this sector, it could be concluded that Law 5/2011 has the flexibility to become the legal framework of social enterprises in Spain. Social enterprises can use the legal framework of social economy. In this way, even if they are not recognised by a specific law, they can be included in the general law on social economy.

Furthermore, if the traditional legal forms established in Law 5/2011 could be defined as social enterprises, it would qualify those cooperatives, mutual insurance organisations, foundations or associations that fit the working definition of social enterprise, introducing the field of social enterprise into the traditional borders of the social economy (see the dark green area intersecting the central circles of Figure 1). When new organisational forms (using different legal forms of traditional ones that are explicit in the law for the social economy sector) are defined as social enterprises, they expand the borders of social economy, enlarging the scope of this sector as an evolutionary trend within it (see Figure 1).

Certainly, the use of two different terminologies ('social enterprise' at the European Union and at the international level and 'social economy' at the Spanish level) could lead to confusion and an unsatisfactory interpretation and implementation of Law 5/2011 on Social Economy. The Spanish Confederation of Entities of Social Economy (CEPES) shared the idea about the social enterprises' need to work towards greater visualisation and clearer articulation to better represent their values, interests and goals in order to achieve a stronger socio-economic impact. This approach would not only strengthen social enterprises but would also produce economies of scale and synergies among all entities forming the social economy. Indeed, this need is accentuated by the

⁽¹⁰⁾ Available at <http://www.europapress.es/epsocial/rsc/noticia-rsc-economia-congreso-rechaza-tramitar-ley-apoyo-empresa-social-voto-contra-pp-20140923200836.html>.

⁽¹¹⁾ Article 4: a) Primacy of people and social purpose over capital, as embodied in autonomous and transparent, democratic and participatory management, which takes priority over making decisions based on people and their work and contributions [of] services rendered to the entity or function of social order, in relation to their capital contributions; b) Application of the results of economic activity mainly based on the work and service provided or activity by the partners or members and, where applicable, the social order of the entity objects; c) Promotion of internal solidarity and society that promotes commitment to local development, equal opportunities for men and women, social cohesion, placing people at risk of social exclusion, employment generation and stability, the reconciliation of personal, family and professional life and sustainability; d) Independence from the government.

decentralised territorial model of Spain although the debate about the borders of social enterprise in Spain is still ongoing⁽¹²⁾.

Spectrum of social enterprises in Spain

There are several models of social enterprise that can be found in Spain:

- a) Social initiative cooperatives (operating in sectors of collective interest).
- b) WISE-type enterprises, including two organisational models – employment integration enterprises (EIs) and special employment centres of social initiative (CEEs).
- c) Associations and foundations that carry out economic activities.
- d) Cooperatives pursuing general interest goals.
- e) Emerging forms of social enterprises.

a) Social initiative cooperatives (*Cooperativas de iniciativa social, CIS*)

Cooperatives form a heterogeneous group of economic entities and are described by Law 27/1999⁽¹³⁾. This national law recognises 12 types of cooperatives, as follows: workers', consumers', housing, agricultural, cooperatives of common exploitation of the land, services', fishermen's, transport workers', insurance, healthcare, education and credit. The law also includes a new form named the social initiative cooperative, following 'the social demands of solidarity and the new activities carried [out] for resolving the unemployment problems, [which] includes new types of cooperative[s]' (Preface of Law 27/1999 on Cooperatives). The law revises the previous ones and includes these new types of cooperative as constituting an evolution in the specifications of the concrete characteristics demanded by the current ones for cooperatives. In fact, the inclusion of the social initiative cooperative is the first recognition of a new type of cooperative that fully complies with the social business initiative definition and the operative definition of this project.

The law defines social initiative cooperatives as 'those cooperatives that being non-profit and independent, mainly engage in either the provision of welfare services in health, educational, cultural or other activities of [a] social nature, or in the development of any economic activity [whose] object is the employment of people suffering from any kind of social exclusion and, in general, satisfy social needs not met by the market' (Article 106).

In addition to the national level, in Spain, autonomous community members can develop their own legal framework for cooperatives in their region and are thus able to expand the types of cooperative (the latest regional law on cooperatives includes cooperatives of housing under cession of use, entrepreneurial initiatives, and public services, among others). All regional laws on cooperatives refer to social initiative cooperatives; there are a variety of focuses. While some regional laws respond to the national law and establish the social initiative cooperative as a new type, other regional laws consider it a special type of worker cooperative, and several regional laws use the concept of a non-profit cooperative to refer to it, without a specific legal mention in the law.

Furthermore, each autonomous community uses different classifications for this type of cooperative, including social initiative cooperative, social welfare cooperative, social integration cooperative and social cooperative among others. We use these different categorisations as equivalent terms in this report. All of these different denominations

⁽¹²⁾ Academic discussions include contributions from Salinas and Rubio (2001), Chaves and Monzón (2012), the special issue of *CIRIEC-España*⁽¹²⁾, *Revista de Economía Pública Social y Cooperativa* (2012), Díaz-Foncea et al. (2012) and Díaz-Foncea (2012).

⁽¹³⁾ Law 27/1999, on Cooperatives, of 26 July 1999, <https://www.boe.es/buscar/act.php?id=BOE-A-1999-15681>.

are used as equivalent in the Spanish context. Illustration 1 (Annex 6.2) provides an example of a social initiative cooperative.

b) Work Integration Social Enterprises (WISEs)

In Spain, WISEs include two models of organisation – one targeting socially excluded groups, designated employment integration enterprises, and the other targeting people with disabilities (sheltered workshops), designated special employment centres of social initiative. Both of them are a qualification of those commercial businesses satisfying some specific characteristics that are described below.

Employment integration enterprises (Empresas de inserción, EI)

Employment integration enterprises are typically set up as cooperatives or limited companies created by foundations or associations. In their employment structure, they must have more than 30 % of workers in the employment integration process during the first three years of activities of a given entity, with this share rising to 50 % from the fourth year onwards. These EIs typically work with groups such as the long-term unemployed, former drug addicts who are in the process of rehabilitation and social reinsertion or unemployed prison inmates and former inmates, among others. In Spain, a law on employment integration enterprises was enacted in 2007, which was expanded by Law 31/2015 to support the social economy. Moreover, autonomous communities have some laws in this regard. A typical EI, with a long trajectory, is presented in Illustration 2 (Annex 6.2).

Special employment centres for social initiative (non-profit qualification) (Centros especiales de empleo, CEE)

These entities were initially established by Law 13/1982 for the social integration of people with disabilities. They perform productive work, participate in commercial operations and aim at providing remunerated positions and adequate personal and social services for workers with disabilities (who must constitute at least 70 % of their staff). These centres seek to integrate the highest possible number of people with disabilities into the open employment market. Illustrations 3 and 4 (Annex 6.2) provide two examples.

c) Associations and foundations engaged in economic activities

Other social enterprises can choose the legal form of foundations and associations performing economic activities. Their mission is to pursue a common general interest instead of an individual one. They are engaged in many economic activities (social services, care giving, education and fair trade, among others); in this case, profits have to be used in line with their statutory purposes. An analogous situation applies to associations. Illustration 5 (Annex 6.2) presents an example of a foundation as a holding group of social enterprises.

d) Cooperatives pursuing general interest goals

According to the different characteristics of social enterprises stated in the working definition of this project, cooperatives other than simply social initiative cooperatives could be considered social enterprises. They have two origins; one is from new cooperatives in sectors such as cultural, fair trade, rural and sustainable development, among others, which are currently being developed. The other is related to cooperatives with a long tradition which had been developing their activities in a way that could also fit the proposed definition of social enterprises. Usually, all of these focus on carrying out their activities with particular environmental and social impacts and on the participative process in their management.

In this sense, it is noteworthy that Law 27/1999 on Cooperatives also includes the recognition of the 'non-profit organisation' quality of those cooperatives that 'manage services of collective interest or of public provision, and those that carry out economic

activities driving the employment integration of people at risk of exclusion' (First additional disposition). Additionally, they have to explicitly include in their statutes their non-profit aims and the constraints of the distribution of surpluses, including through cooperative returns such as wages in the case of worker cooperatives. Most of the regional laws on cooperatives also include this sub-type of cooperative.

Illustration 6 (Annex 6.2) illustrates these new cooperatives pursuing general interest goals in the sustainable development and renewable energy fields.

e) Emerging forms of social enterprise

Some businesses that are unrelated to the traditional grassroots of the social economy but are linked to advocacy associations from the Anglo-Saxon perspective of social enterprise or other movements can also fit the working definition used in this mapping study. This category of emerging forms of social enterprises is included. These are in sectors such as culture, social innovation, rural development or Corporate Social Responsibility (CSR) consultancy, among others, and use legal forms different to those that are traditionally related to the social economy (including liability companies).

This category also includes the new process of engagement between the administration and civil society which could be transformed into new forms of social enterprise. One emerging movement promotes communitarian cooperatives with the support of public institutions, focusing on the public-community relationship and following the meaning of the public-private relationship in other businesses. A concrete case of this new type of cooperative is the Valencian community, named a 'public services cooperative', in which the public administration can become a member⁽¹⁴⁾. This active involvement of public administrations in social enterprises has caused them to become promoters of social enterprises as well. Box 7 focuses on an employment integration enterprise with its special characteristic of being promoted by a local administration. Although employment integration enterprises have been explained earlier in this section, the characteristics of the promoter featured in Illustration 7 (Annex 6.2) allow the entity's definition as a new emerging model of social enterprise.

Marks, labels and certification schemes

Spain does not have a formal certification scheme, marks or labels for social enterprises. However, some experimental schemes have been developed.

One of them, from the demand side, was the small-scale certification scheme run in 2013 by FAEDEI, the National Federation of Employment Integration Enterprises. FAEDEI established a certification scheme for enterprises that fulfilled the following criteria:

- buying products or services from employment integration social enterprises;
- helping with job placements for people who have previously completed training in rehabilitation centres.

This initiative also aimed to raise awareness of the added value to society brought about by the associations belonging to FAEDEI. However, for several reasons this initiative did not gain enough traction to continue running after 2013. The emergence of Law 31/2015, which raises the provision grants to enterprises that hire people with disabilities and at risk of exclusion, was a real incentive for businesses. In addition, not all businesses want to publicise the fact that they hire people who were previously at risk of exclusion, so the cost-benefit analysis for FAEDEI to develop this label was not positive enough to continue beyond 2013.

⁽¹⁴⁾ Despite the large number of academic publications on this new type of cooperative, we have been unable to find an illustration of a public service cooperative. No public administration has yet to explore this cooperative model.

2.1.3. Fiscal framework

Social initiative cooperatives (*Cooperativas de iniciativa social, CIS*)

CISs are regulated, like other cooperatives, by national Law 20/1990 on the fiscal regime of cooperatives. According to this Law, CISs can obtain a reduction in the general tax for businesses under some specific conditions related to the demonstration of the general interest of their economic activities. In the case of CISs, due to the recognition of their non-profit mission, their profits could be exempt, or, when they are not exempt, taxes apply to only 10 % of their revenues. Likewise, they could be exempt in all agreement or business operations they carry out and receive a reduction of 95 % on the Economic Activities Tax. Finally, as non-profit and general interest organisations, the same tax benefits as associations or foundations created by local authorities apply to CISs.

Special employment centres for social initiative (non-profit qualification) (*Centros especiales de empleo, CEE*)

CEEs are based on the general legislation of liability companies, which is the basis of this model. However, their focus on disabled people leads to the application of special tax benefits linked to the hiring of these people. In concrete terms, a direct subsidy is applied together with a reduction in the annual business tax for each new worker hired, as well as a subsidy for adaptation of the workplace. There are also some exemptions applied in the annual business tax and the tax of consumption as a result of the non-profit mission of the activities carried out by these organisations.

Employment integration enterprises (*Empresas de inserción, EI*)

This model of social enterprise is based on the general legislation of liability companies, which is the basis of this model. However, regarding its social characteristics, the Law 44/2007 on Employment Integration Enterprises explains that they can obtain reductions in social security contributions for workers at risk of exclusion (Law 4/2013 states that the reduction is of EUR 1 650 per worker and year when they are less than 30 years old). Other tax benefits are subsidies for economic compensation of the labour costs supported due to the integration process, and some subsidies for investment focusing on their social goal. Likewise, other regional subsidies apply for different concepts: hiring integration workers, technical support workers, specific technical support for their economic activities, and investments. These concepts and the amount included under them vary between regions⁽¹⁵⁾.

Associations and foundations engaged in economic activities

The fiscal framework for foundations and associations with economic activity is similar to that of other commercial businesses. However, both of them can obtain fiscal exemptions from the annual business tax and other taxes according to Law 49/2002 of the Fiscal Regime for non-profit organisations and the fiscal incentives for fundraising. This Law also promotes donations to these entities with tax exemptions for the donors.

Cooperatives pursuing general interest goals

The fiscal framework is national Law 20/1990 on the fiscal regime of cooperatives. This Law applies some tax exemptions in the annual business tax in specific conditions. Likewise, when the cooperatives are qualified as 'non-profit organisations', the same tax regime as for associations and foundations is applied to them.

Emerging forms of social enterprise

There is no specific fiscal framework for these new models: it is the same as that for commercial businesses except in the case where one of the legal forms employed above is used.

⁽¹⁵⁾ Specific information on regional tax subsidies: <http://www.faedei.org/images/docs/documento60.pdf>.

Table 1. Fiscal benefits according to legal forms

	Fiscal benefits
Social initiative cooperatives	<ul style="list-style-type: none"> • With the recognition of their non-profit mission, their profits could be exempt or apply to just 10 % of revenues. • Reduction of 95 % in the Economic Activities Tax. • Same tax benefits as associations or foundations by local authorities.
Special employment centres for social initiative (CEE)	<ul style="list-style-type: none"> • Direct subsidy and reduction in the annual business tax for each new disabled worker hired. • Subsidy for adaptation of the workplace. • Some exemptions applied to the annual business tax and consumption tax due to the non-profit mission.
Employment integration enterprises (EI)	<ul style="list-style-type: none"> • Reductions in the social security contributions of workers at risk of exclusion. • Subsidies for economic compensation of the labour costs supported due to the integration process. • Subsidies for investment focusing on their social goals. • Diverse regional subsidies.
Associations and foundations carrying out economic activities	<ul style="list-style-type: none"> • Exemptions are related to the non-profit nature of these organisations. • There are also some tax exemptions for donors.
Cooperatives pursuing general interest goals	<ul style="list-style-type: none"> • Similar fiscal regime to cooperatives in general. • When they are qualified as 'non-profit organisations', the same tax regime as for associations and foundations is applied.
Emerging forms of social enterprise	<ul style="list-style-type: none"> • - No specific fiscal framework.

3. MAPPING

3.1. Measuring social enterprises

There is no institution responsible for systematically collecting data on social enterprises in Spain, so gathering aggregate figures is made quite complicated. In fact, the only available statistics are for those social enterprises that have a specific legal form (CISs, EIs, CEEs, associations and foundations). Likewise, where statistics are collected, they vary according to the different scope applied; for example, the Spanish National Statistical Institute (*Instituto Nacional de Estadística*, INE) only gives data about cooperatives in general, without separating social initiative cooperatives, and the *Yearbook of the Third Sector* compiles data on associations and foundations as broadly conceived, including those entities that engage in activities related to rights advocacy, citizen participation and/or social needs (only the latter entities would normally be recognised as social enterprises).

On the other hand, entities representative of each model of social enterprise are grouped in the Spanish Social Economy Employers' Confederation (*Confederación Empresarial Española de la Economía Social*, CEPES), as the third level of representativeness; these statistics are the most comprehensive, and general numbers can be extracted to estimate the scale of the social enterprise sector in Spain as identified by operational definition (Table 2).

Table 2. Number of estimated social enterprises in Spain, 2004-14

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Social Employment Centre for social initiative	309	760	606	700	413	440	492	490	470	450	450
Employment Integration Enterprises ¹	5	60	60	108	150	154	193	200	203	205	206
Social Initiative Cooperatives ²	571	578	587	599	604	566	508	-	-	-	-
Associations ³	2 900	2 900	3 501	4 001	4 500	5 001	6 073	6 059	6 636	7 212	7 092
Foundations ⁴	-	-	-	12	13	16	65	46	55	64	107

Source: Based on statistics from the Spanish Confederations of Enterprises of Social Economy – from CEPES (http://www.cepes.es/social/estadisticas&e=entidades_evolucion) and representative entities in each type of social enterprise; (this data must be seen as an estimation).

Note 1: FAEDEI (2014).

Note 2: Data on Social Initiative Cooperatives comes from the Report about Social Initiative Cooperatives elaborated in 2010 by the Spanish Confederation of Workers' Cooperatives (*Confederación Española de Cooperativas de Trabajo Asociado*, COCETA). Although the scope of the report is not very comprehensive, since there is no specific census of this type of cooperative, it does include as social initiative cooperatives all those cooperatives operating in the sectors linked to social services.

Note 3: According to CEPES, this data refers to associations related to disabled people and is obtained from the representative entities of this sector (the Spanish Committee of Representatives of Persons with Disabilities, *Comité Español de Representantes de Personas con Discapacidad*, CERMI; the Spanish Solidarity Economy Network, *Red de Redes de Economía Alternativa y Solidaria*, REAS; and the Business Association for Disability, *Asociación Empresarial para la Discapacidad*, AEDIS).

Note 4: The 2004-06 data for foundations related to social enterprises is unavailable.

In addition to the data about entities, there is an important lack of data available for other figures, such as annual turnover, number of employees and characteristics of the workforce. In short, there is an information gap in this topic, and further reports and

research are necessary to fill it. Next, we show the available data, collected from different sources, regarding Social Employment Centres for Social Initiative and Employment Integration Enterprises for 2014.

There were 450 Social Employment Centres for Social Initiative (*Centros Especiales de Empleo*, CEE) in 2014 (source: CEPES), employing 59 559 workers with disabilities (source: FEACEM)⁽¹⁶⁾ The predominant legal form is the limited company (39.3 %), followed by associations and foundations (30 %), corporations (12.3 %), cooperatives (9.7 %) and employment societies (3.5 %); 68.62 % of their revenues came from sales (source: CIRIEC-Spain).

Regarding Employment Integration Enterprises (EIs)⁽¹⁷⁾, there were 206 of these in 2014, with 4 783 workers (inclusion and non-inclusion workers). The total percentage of income from the sales of products and services represented 83.41 % of turnover, while the percentage of total government assistance to operating income was 16.59 %. Likewise, the majority legal form adopted by the EIs was that of the limited partnership, which comprised 80.7 % of the total. The predominance of the commercial business compared to other legal forms represents a response to the regulation of these entities, as well as to regional regulations that promote the adoption of commercial forms for registration and access to public subsidies for inclusion.

Data for other models of social enterprises is not available and cannot be included in this report. However, the increase in the total number of social enterprises in Table 2 gives some indications of the positive trend in these entities.

3.2. Social enterprise characteristics

In this section, we will examine the main sectors of activity and target groups of social enterprises, as well as regional differences in social enterprises.

3.2.1. Sectors of activity

Social enterprises are active in many different economic sectors. Based on information obtained from representative organisations⁽¹⁸⁾, we can say that at present, WISEs (Social Employment Centres for Social Initiative and Integration Employment Enterprises) operate mainly in the economic sector, providing cleaning, personal services, gardening, recycling, small-scale manufacturing and construction. Social Initiative Cooperatives are active mainly in home care, education and employment integration. Associations and foundations operate in social services as well as in the education, health and culture sectors. Table 3 provides some examples.

⁽¹⁶⁾ No further information for disabled workers in Special Employment Centres is available, other than the total employment levels; see <http://www.feacem.es/es/centros-especiales-de-empleo/cifras/contratacion-de-personas-con-discapacidad-en-CEE>.

⁽¹⁷⁾ Data from the National Federation of Employment Integration Enterprises (*Federación de Asociaciones Empresariales de Empresas de Inserción*, FAEDEI); <http://www.faedei.org/images/docs/documento62.pdf>.

⁽¹⁸⁾ Data presented in the report comes from reports issued by the representative organisations for the models of social enterprise discussed in this report (FAEDEI for Employment Integration Enterprises and FEACEM for Special Employment Centres for Social Initiative). This report was reviewed by these organisations, which provided updates on the information given in their own reports.

Table 3. Main sectors in which entities of the social economy operate (based on data on the top 15 entities within each group)

Type of entity	Main sector*	Other sectors
Social Employment Centres for social initiative	Cleaning, personal services, gardening	Recycling, small-scale manufacturing, maintenance, construction
Employment Integration Enterprises	Cleaning/environment, recycling	Cleaning, maintenance services, textiles, construction
Social Initiative Cooperatives	Home care (more than 50 %)	Day/night centre, nursing homes, employment integration, environment, school canteens/activities and pre-school education
Associations and foundations	Social services	Education and health services, culture
Cooperatives pursuing general interest goals	Sustainable energy, promotion of entrepreneurship and culture	Education, retail trade, financial intermediation, health and social work, and community and social development
Emerging models of social enterprise	Sustainable energy, promotion of entrepreneurship and culture	Education, retail trade, financial intermediation, health and social work, and community and social development

* Within Top 15 firms for this type of entity.

Source: CEPES database for CEEs, EIs and Associations and Foundations. COCETA (2010) for Social Initiative Cooperatives. Results of SELUSI project for Cooperatives pursuing general interest goals.

According to the COCETA report on Social Initiative Cooperatives, in 2010 this model of social enterprise focuses on activities such as home assistance, elder residence, day or night care centres, social integration and school dining rooms, among others.

Likewise, associations and foundations that act as social enterprises are most active in sectors related to community, social and other related services, although they also have presences in different sectors.

Finally, the other two models (cooperatives pursuing general interest goals and emerging forms of social enterprise) work in diverse sectors, like any commercial business. They are emerging in sectors as different as sustainable energy, promotion of entrepreneurship, and culture. Likewise, according to the SELUSI project⁽¹⁹⁾, they are also in education, wholesale and retail trade, financial intermediation, health and social work, and community and social development.

3.2.2. Target groups

Social enterprises look after different groups of people, according to the model we are discussing. Regarding WISEs, in the case of Social Employment Centres for Social Initiative, they are companies whose main aim is to provide employment for people with disabilities, as defined in Law 86/1982 on the Social Integration of the Disabled (LISMI). For this reason, the target groups are people with different kinds of disabilities. By law, at least 70 % of employees at a WISE must be people with a disability equal to or greater than 33 % (percentage measure at national certification).

In the case of Employment Integration Enterprises, Law 44/2007 specifies in Article 2 that the target groups of these enterprises are 'people in situations of social exclusion who are unemployed and registered with public employment services, and who face special difficulties with integration into the employment market, including any of these groups:

⁽¹⁹⁾ More info about the SELUSI Project and national reports can be found at <http://www.selusi.eu/index.php?page=business-platform>.

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- a) Recipients of welfare benefits, or any other provision of the same or similar nature, according to the denomination adopted in each autonomous community, as well as members of the unit of coexistence or beneficiaries of them.
- b) People who cannot access the benefits referred to in the preceding paragraph, for either of the following reasons:
 - 1. Lack of the required period of residence or registration, or the establishment of the Perception Unit.
 - 2. Having exhausted the legally established maximum period of financial grants.
- c) Young people over the age of 18 and under the age of 30 who come from child protection institutions.
- d) People suffering from drug addiction or other addictive disorders who are in the process of rehabilitation or social reintegration.
- e) Inmates of prison centres whose situation in prison allows them access to employment and whose employment relationship is not included in the scope of application of the special employment relationship laid out in Article 1 of the Real Decree 782/2001 of 6 July, as well as conditionally released and former prisoners.
- f) Young people under 18 included in the scope of Organic Law 5/2000 of 12 January on the criminal responsibility of minors, whose situation allows them to access employment and whose employment relationship is not included in the scope of the special employment relationship referred to in Article 53.4 of the regulation of the Act approved by Royal Decree 1774/2004 of 30 July, as well as those on probation and former inmates.
- g) People from alternative accommodation authorised by the autonomous communities and the cities of Ceuta and Melilla.
- h) People from prevention and social inclusion services approved by the autonomous communities and the cities of Ceuta and Melilla.

The exclusion of people belonging to the groups to which reference is made in paragraph 1 shall be accredited by the competent regional government's social services' (Article 2, Law 44/2007).

Regarding Social Initiative Cooperatives, according to a report by COCETA, in 2010 the main target group was elderly people, followed by sick people, families and the young. Models are presented in other sectors, although these sectors are all related to social services.

Likewise, as we describe above, the main targets of Associations and Foundations are disabled people and people at risk of exclusion. The emerging forms of social enterprise are more diverse and are devoted to different target groups. It is worth noting the expansion of their organisations' membership to focus not only on users, but also on consumers. For example, Som Energia, FIARE and Coop57 are all social enterprises in which the consumers of the activity (renewable energy in the former, and financial services in the two latter cases) are seen not as users but as active members with decision-making power. In fact, these social enterprises devote important economic resources to promoting genuine consumer participation in their activities.

3.2.3. Regional differences

In Spain, it is important to note that the delegation of powers to regional governments affects the status and potential activities of social enterprises. The different regional governments expand the historical delegation of competences in the case of cooperatives and employment fields to other formulas related to social enterprises, and can regulate and promote this figure in different ways in each region. Table 4 reports the number of social enterprises that are legally recognised in each region under Spanish law.

Table 4. Number of estimated social enterprises by region (2010)*

Region	Social Initiative Cooperatives (CIS)	Employment Integration Enterprises (EI)	Special Employment Centres (CEE)	TOTAL
Andalusia	197	14	145	356
Aragon	10	10	45	65
Asturias	9	4	10	23
Balearic Islands	10	3	10	23
Canarias, Islas	4	6	12	22
Cantabria	5	1	10	16
Castile-La Mancha	17	5	27	49
Castile and Leon	15	9	30	54
Catalonia	85	63	54	202
Valencian Community	52	8	14	74
Extremadura	10	2	13	25
Galicia	15	2	30	47
Madrid	23	8	32	63
Murcia	17	5	17	37
Navarra	4	8	11	23
Basque Country	28	44	26	98
Rioja, La	7	1	6	14
SPAIN	508	193	492	1 193

* We chose the year 2010 for comparative purposes, as it is the last year for which data on Social Initiative Cooperatives is available.

Source: Reports from each representative organisation (COCETA for Social Initiative Cooperatives, FAEDEI for Employment Integration Enterprises and FEACEM for Special Employment Centres).

Andalusia and Catalonia have the most social enterprises, followed by the Basque Country and the Valencian Community, but the models of social enterprise vary across these regions: in Andalucía, the CIS and CEE are the most prominent, while in Basque Country the EI form is more common. Catalonia has a high level of all models of social enterprise, while in the Valencian Community there is a higher presence of CISs.

Four other regions have between 20 and 70 social enterprises each (Aragon, Castile-La Mancha, Castile and Leon, and Madrid), with important numbers of CEEs, while the remaining regions have around 20 social enterprises each, with a diverse distribution between models.

There are several reasons for these differences: population characteristics, different focuses in civil society, different regulations and differing levels of support among regional governments for social enterprises. For example, the four regions discussed here have modern regulations about cooperatives that conform to the reality on the ground. These include regulations on public service cooperatives (Andalusia and Valencian Community), entrepreneurial promotion cooperatives (Andalusia and Basque Country) and housing cooperatives (Catalonia). These models could be very useful in helping new forms of social enterprise emerge in other regions in Spain. Other regional differences in regulation and support are discussed in the next sections.

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Table 5. Mapping of social enterprises in Spain

Dimension	Criterion	Social Initiative Cooperatives (Law 27/1999)	Employment Integration Enterprises (Law 44/2007)	Special Employment Centres (Law 13/1982 non-profit qualification)	Foundations (with economic activity)	Associations (with economic activity)
Entrepreneurial dimension	Engagement in economic activity	Yes	Yes	Yes	Instrumental character	Instrumental character
	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.	Pursue revenue generation through trading	Pursue revenue generation through trading	Pursue revenue generation through trading	Grants or donations and income from public contracting	Grants or donations and membership fees important, plus income from public contracting
	The use of paid workers	Yes	Yes	Yes	Yes but voluntary work is also a common practice	Yes but voluntary work is also a common practice
Social dimension	Social aim (public benefit)	Yes	Yes	Yes	Yes	Yes
	Fields of activity	Operate in all sectors of the economy	Operate in all sectors of the economy	Operate in all sectors of the economy	Economic and non-economic	Economic and non-economic
	Target groups (customers/users of goods and services provided)	Customers/users of goods and services provided	Collectives in social exclusion or at risk of exclusion	People with different kinds of disabilities greater than 33 % (national certification)	Various societal groups, users of goods and services provided	Various societal groups, members
	Distribution of profits and/or assets according to defined rules and procedures	No	No	No	No	No

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Dimension	Criterion	Social Initiative Cooperatives (Law 27/1999)	Employment Integration Enterprises (Law 44/2007)	Special Employment Centres (Law 13/1982 non-profit qualification)	Foundations (with economic activity)	Associations (with economic activity)
Independence and governance	Profit cap – existence of profit cap/limited profit distribution	Yes	Yes	Yes	Yes	Yes
	Asset lock – existence of asset lock	Yes	Yes	Yes	Yes	Not required by law
	Autonomy – organisational autonomy	Yes	Yes	Yes	Depends on who the trustees/ managers are	Yes – associations are controlled by their members
	Inclusive governance – democratic and/or participatory decision making processes	Yes*	Yes*	Yes	Not typically	Democratically governed
	Transparency – a system for measuring and reporting impact	Legal requirements (annual accounts and economic and social annual report)	Social Balance promoted by FAEDEI and legal requirements (annual accounts and economic and social annual report)	Legal requirements (annual accounts and economic and social annual report)	Legal requirements (annual accounts and economic and social annual report)	Legal requirements (annual accounts and economic and social annual report)
Estimated number (2014, unless stated otherwise)		566 (in 2009)	206	450	107 (foundations carrying out economic activity)	7 092 (associations carrying out economic activity)
Estimated % meeting eligibility criteria (approx.)		100 %	100 %	100 %	90 % (estimate)	100 %
Estimated number meeting eligibility criteria		566 (in 2009)	206	450	96	7 092

* Regarding the governance in the Employment Integration Enterprises and Special Employment Centres for Social Initiative the nature of the users in these enterprises makes it difficult to carry out a true democratic and participative management. In the case of both enterprise types, families of people with disabilities or organisations representing these groups are present at Board and other levels of government, thus enabling their participation in decision-making.

4. ECOSYSTEM OF SOCIAL ENTERPRISES IN SPAIN

4.1. Key actors

The ecosystem of social enterprises in Spain is still emerging. The high level of institutionalisation of the social economy has resulted in a situation in which most of the governmental agencies handling the promotion and support of social enterprises are those that deal with organisations included in the social economy and those that understand the work with social enterprises to be an extension of their functions. Such is the case of the cabinet group responsible for social enterprises in Spain, included in the Ministry of Employment, which calls on social economy and CSR. Something similar occurs in representative organisations and in the observatories that monitor the evolution of social enterprises (CEPES, Spanish Observatory of Social Economy and CIRIEC-Spain), which come from the social economy reality and are now focusing on the emergence of social enterprises.

Conversely, new agents from other perspectives, such as social entrepreneurship or social innovation, occupy spaces related to business support, incubators, facilities or learning and exchange platforms. This is the case with some business schools and other private educational platforms, as well as co-working and incubator spaces, which have more experience with the perspective of social entrepreneurship. Likewise, new associations and networks of social entrepreneurship and social enterprises are emerging in the Spanish context, although they continue to have a low presence and institutionalisation level.

Table 6 below presents the main actors involved in the social enterprise ecosystem. However, this list should not be considered as exhaustive.

Table 6. Social enterprise ecosystem in Spain

<i>Governmental departments or institutions designing or implementing policies, support instruments and measures for social enterprises and infrastructures</i>	<ul style="list-style-type: none"> • The central government relies on a specific directorate general (DG) devoted to the social economy within the Ministry of Employment and Social Security. This is the DG for self-employment, social economy and corporate social responsibility (CSR). • Autonomous communities also have their own departments dealing with the social economy and with entrepreneurial issues.
<i>Customers (including authorities that contract with social enterprises)</i>	<ul style="list-style-type: none"> • Central government • Autonomous communities • Local governments • General public (individuals or companies)
<i>Organisations promoting, certifying and awarding social business labels</i>	<ul style="list-style-type: none"> • Spain does not have a formal identification scheme to distinguish social enterprises from other types of businesses.
<i>Institutions, civil society initiatives or other social enterprises promoting social enterprises, education and training, and presenting role models</i>	<ul style="list-style-type: none"> • COCETA (Social Initiative Cooperatives Association) • FEACEM (Business Federation of Associations of Special Employment Centres) • FAEDEI (Federation of Associations for the Professional Integration of Communities at Risk of Exclusion) • Spanish Third Sector Platform
<i>Organisations that have the capacity to act as observatory bodies, monitor the development of and assess the needs and opportunities of social entrepreneurs/social enterprises</i>	<ul style="list-style-type: none"> • Broadly involved in the social economy: • CEPES (Spanish Confederation of Enterprises of Social Economy) • Spanish Observatory of Social Economy • CIRIEC-Spain

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<i>Providers of social enterprise start-ups and development support services and facilities (such as incubators)</i>	<ul style="list-style-type: none"> • Central government • Autonomous communities • Fundación Social Nest • UEIA Accelerator • SIMPLELAB (social entrepreneurship lab of the University of Huelva) • University of Barcelona Social Startup Meeting • Red Creactiva • Hub Impact Madrid • El Hueco Soria Hub • EmprendedorSOCIAL.org
<i>Business support providers</i>	<ul style="list-style-type: none"> • Central government • Autonomous communities • EU Funds (PAEM – programme to support women entrepreneurs) • La Caixa Foundation • Young Social Entrepreneur Awards: UEM, International Youth Foundation, Sylvan/Laureate Foundation
<i>Facilitators of learning and exchange platforms for social enterprises</i>	<ul style="list-style-type: none"> • Universities (Huelva University, UNED, University of Valencia, University of Zaragoza, University of Barcelona etc.) • EOI (Escuela de Organización Industrial) • EMES international research network • International projects: ICSEM, PERSE, GEM etc. • Business schools (IESE, IE Business School, ESADE) • Ashoka Changemakers • IUDESCOOP
<i>Social enterprise (support) networks and associations</i>	<ul style="list-style-type: none"> • CEPES (Spanish Confederation of Enterprises for Social Economy) • FEACEM (Business Federation of Associations of Special Employment Centres) • FAEDEI (Federation of Associations for the Professional integration of Communities at Risk of Exclusion) • REAS (Network of Alternative and Solidary Economy) • Social-Emprende (Spanish Association of Social Entrepreneurs) • Sociaemprende (Spanish Association of Social Entrepreneurs) • B-corp Foundation – Spain
<i>Key providers of finance</i>	<ul style="list-style-type: none"> • Public providers (ICO, ENISA) • Private providers (Impulsa Coop, Creas Foundation, ISIS Capital, Ambers & Co Capital Microfinance) • Social Grants from Bank Foundations (BBVA Microfinance Foundation, La Caixa MicroBank, KutxaBank–BBK Fundazioa) • Credit cooperatives and savings banks • Ethical (Triodos Bank) and social banks (Fiare, Coop 57) • Crowdfunding (Goteo) • Crowdimpacting (La Bolsa Social)

4.2. Policy schemes and support structures

Regarding the relevance that the social economy has in Spain and the fact that social enterprises can be understood as part of this sector, and taking advantage of the measures proposed for social economy, this section focuses on policy schemes and support structures for the following organisations: 1) those that address the social economy, understanding social enterprises as highly related in the Spanish case and then applying the same schemes and structures; 2) those that are specifically designed for

social enterprises in general or for specific social enterprise types, according to the previous classification.

4.2.1. Support measures aimed at all enterprises that fulfil specific criteria

We do not cover all measures addressed to all enterprises since these are the basis for all those organisations active in the market. In this context, measures specifically targeting social enterprises can be added in order to improve the impact of these measures. Moreover, there is a broad spectrum of measures, which vary according to region (the regions have legal competencies to promote business dynamics) as well as the activity and legal form (including the self-employed). Therefore, offering such a thorough overview would require a much more extensive and detailed document that is beyond the scope of this report.

Having said this, it is worth noting four areas in which measures for the promotion of economic activities at a general level can be used by social enterprises: entrepreneurship, young employment, employment of disabled people and rural environments.

Regarding **entrepreneurship**, Law 14/2013, on entrepreneurs and their internationalisation, includes new measures aimed at facilitating the creation of new businesses and reducing hurdles in the different entrepreneurial steps. Some of these measures include:

- new rules for the payment of consumption tax;
- the reduction of economic responsibility of the entrepreneur under the self-employed Social Security regime (previously the individual had to bear unlimited economic responsibility);
- more favourable conditions to negotiate with creditors in case of failure of the entrepreneurial activity;
- some fiscal incentives to allow individual and business angel investments in the seed stage of entrepreneurial projects;
- new benefits for entrepreneurs with disabilities.

On the other hand, the Strategy for Entrepreneurship and Youth Employment includes a catalogue of measures aimed at the different profiles of **young people**, highlighting the incentives to hire young people and the promotion of entrepreneurship. The former includes a new bonus of EUR 300 for a maximum of six months for the permanent employment of young people, deducted from the Social Security contribution, which may be extended to up to 100 % of the Social Security costs under certain circumstances. As later refers to a flat rate of EUR 50 in Social Security contributions for the self-employment regime available to young people who decide to start an entrepreneurial activity, whether social or not. In addition, there are increased possibilities for capitalising the unemployment allocation and greater compatibility of unemployment benefit with the beginning of an entrepreneurial activity ⁽²⁰⁾.

Likewise, in addition to the protected employment systems for hiring **disabled people** (including those measures focused on CEEs), there are other measures for the integration of disabled workers into the ordinary employment market. Among these, it is worth noting the subsidies for hiring disabled workers: enterprises receive around EUR 4 000 for each permanent employment contract with a disabled worker and similar levels for each temporary contract, as well as subsidies for Social Security contributions and towards the business tax, and other subsidies for those jobs with support requirements as a result of the characteristics of the worker. These measures are aimed at all types of enterprise, but preferentially to those enterprises with more than

⁽²⁰⁾ Source: Ministry of Employment and Social Security, Youth Guarantee Programme. More information is available at <http://www.empleo.gob.es/es/garantiajuvenil/home.html>.

50 employees in which the hiring of at least 2 % of workers with disabilities is mandatory ⁽²¹⁾.

Finally, all those enterprises established in **rural areas** may benefit from different measures for the promotion of business creation and consolidation. Most of these are based on the European structural funds, mainly through the European Social Funds (ESF) and the European Fund of Regional Development (FEDER in Spanish), which are complemented by several programmes run by the regional governments. Currently, most regional governments in Spain have active programmes for rural development, mainly focused on agrarian activities ⁽²²⁾.

4.2.2. Support measures aimed at social economy/non-profit organisations

At national level, four packages of measures have been developed by the central government that aim to promote and support the social economy in general and which the social enterprises can utilise:

- *Tax breaks, reduced social security contributions and similar measures.* These benefits have a substantial impact on certain entities, such as foundations, associations and social initiative cooperatives. Cooperatives have lower tax rates than 'regular companies' and, together with worker-owned companies (*sociedad laboral*), enjoy other types of fiscal benefits, such as exemptions on certain taxes and accelerated depreciation ⁽²³⁾.
- *Budget support.* This mainly consists of grants and subsidies for incorporating certain types of workers into the companies, direct investments in materials that contribute to the competitiveness of companies and subsidised technical support and training ⁽²⁴⁾.
- *Technical assistance.* Measures focused on providing support to social economy entities in areas such as internationalisation or innovation. These are channelled through foundations or organisations working at the regional level.
- *Employment policy.* This integrates active and passive policies by giving workers the possibility to capitalise unemployment benefits when the beneficiary decides to launch a cooperative.

At the regional level, all Autonomous Communities have departments dealing with social economy and entrepreneurial issues. The Autonomous Communities also have exclusive competences in some crucial issues related to social economy, and thus also to social enterprises. Indeed, most of the Autonomous Communities have adopted their own legislation in these areas.

Furthermore, cooperatives, especially workers' cooperatives, are the legal form with the largest tradition and recognition. There are therefore general public policies to promote the employment and competitiveness of cooperatives promoted by the Ministry of Employment and Social Security, which can be used by those social enterprises that choose this legal form. These general public policies are developed by all the different political parties, with different budgetary amounts having been assigned over recent years (Table 7).

Likewise, Autonomous Communities manage budget programmes to promote the social economy, in which cooperatives are one of the entities that are well supported. The quantities and actions subsidised vary among regions.

⁽²¹⁾ More information about support for hiring disabled people can be found at: https://www.sepe.es/contenidos/que_es_el_sepe/publicaciones/pdf/pdf_empleo/integracion_laboral_discapacitados.pdf.

⁽²²⁾ More information on the national programme for rural development: <http://www.magrama.gob.es/es/desarrollo-rural/temas/programas-ue/periodo-2014-2020/programas-de-desarrollo-rural/programa-nacional/>.

⁽²³⁾ Law 20/1990 on the Fiscal Regime for Cooperatives, published in the Official Journal of 20 December 1990, at: <https://www.boe.es/buscar/act.php?id=BOE-A-1990-30735>.

⁽²⁴⁾ S. Barco Serrano, *Ibid.*

Table 7. General public policies to promote the employment and competitiveness of cooperatives and worker cooperatives by the Ministry of Employment and Social Security

Policies for promoting the creation of cooperatives and an increase in membership	The possibility that unemployed workers who join as members of worker cooperatives may receive a one time total payment of the contributory unemployment compensation, which links a passive employment policy to an active one. There is no quantification of the volume of this policy.
Grants for incorporating partners to cooperatives or employment companies	<ul style="list-style-type: none"> • Unemployed people under 25 years old who have not previously had a first permanent job • Unemployed people older than 45 years of age • Long-term unemployed people who have been unemployed and registered at the employment office for at least 12 of the previous 16 months, or else 6 of the previous 8 months if they are under 25 years of age • Unemployed people who have received unemployment benefit as a single payment for incorporation as members of cooperatives or employment companies • Unemployed women who join in the 24 months following the birth, adoption or fostering of a child • Unemployed disabled people, with a degree of disability of 33 % or higher • Unemployed socially excluded people who belong to any of the collectives referred to in the programme for the Promotion of Employment • Workers who have held a temporary employment contract for less than 24 months, with a minimum validity of 6 months from the date of the grant application. • The average grant is EUR 5 500 per person incorporated as a partner. •
Grants for investments in fixed assets	<ul style="list-style-type: none"> • Direct grants (acquisition of assets) • Interest rate bonuses • Microcredits • 50 % of the investment
Grants for technical assistance	<ul style="list-style-type: none"> • Grants for hiring directors and managers • Grants for viability studies, organisation, marketing etc. • Subsidies for economic reports and audits • Grants for advice on business management • 50 % of the investment with a maximum of EUR 24 000
Grants for training activities, promotion and dissemination	<ul style="list-style-type: none"> • Training activities • Promotion and dissemination activities •
Grants for structural expenses for associative entities	<ul style="list-style-type: none"> • Structural expenses • EUR 50 000-150 000

Source: Chaves, R. and Serra, I. (2011) and Chaves Ávila, R. and Savall Morera, T. (2013).

4.2.3. Support measures specifically aimed at social enterprises

Public policies that specifically cater to social enterprises and third sector⁽²⁵⁾ entities, such as employment integration enterprises, special employment centres for social initiative and foundations/associations, can be classified under the following categories:

⁽²⁵⁾ CIRIEC, http://www.ciriec.es/ES_UE_C4.pdf.

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- Institutional measures, including acknowledgement of the sector, legal and financial measures.
- Financial measures, which seek to develop, professionalise and reassure the social economy.
- Technical support and non-financial services or help in the form of assessment, information, networking and education.

According to the data gathered by CIRIEC ⁽²⁶⁾, some Autonomous Communities are more active in supporting social enterprise schemes than others. Table 8 presents some public institutions in some of the more active regions. These institutions aim to promote social enterprises related to Work Integration Social Enterprises (for social initiative cooperatives, the information in the previous section applies). Regions in the Table 8 are those that high number of social enterprises is showed in Section 3.

Table 8. Public institutions for the assignment of employment integration enterprises and special employment centres for social initiative at the regional level

Autonomous Community	Employment Integration Enterprises (Empresas de Inserción, EI)	Special Employment Centres for Social Initiative (Centros Especiales de Empleo, CEE)
Andalusia	Servicio Andaluz de Empleo Consejería de Economía, Innovación, Ciencia y Empleo	Servicio Andaluz de Empleo Consejería de Economía, Innovación, Ciencia y Empleo
Aragon	INAEM (Instituto Aragonés de Empleo) Consejería de Economía y Empleo	INAEM (Instituto Aragonés de Empleo) Consejería de Economía y Empleo
Basque Country	Lanbide Servicio Vasco de Empleo – Organismo Autónomo del Gobierno Vasco	Consejería de Economía, Innovación, Ciencia y Empleo Organismo autónomo del Gobierno Vasco
Catalonia	Direcció General d’Economia Social i Cooperativa i Treball Autònom Departament d’Empresa I Ocupació	Direcció General d’Economia Social I Cooperativa i Treball Autònom Departament d’Empresa I Ocupació
Valencian Community	SERVEF (Servei Valencià d’Ocupació i Formació) Conselleria d’Economia, Industria, Turisme i Ocupació	SERVEF (Servei Valencià d’Ocupació i Formació) Conselleria d’Economia, Industria, Turisme i Ocupació

Another important factor that determines the institutionalisation of the sector concerns public policies that promote social enterprises. In this case, as summarised in Table 9 below, we observe the following different incentive measures at the national and regional levels, depending on the type of entity involved: EI, CEE or CIS.

⁽²⁶⁾ *Ibid.*

Table 9. Public policies promoting social enterprises

<p>Employment Integration Enterprises (<i>Empresas de Inserción, EI</i>)</p> <ol style="list-style-type: none"> 1. Support measures to create, implement and maintain EIs 2. Support measures for EIs to hire workers 3. Other types of measures for the promotion of EIs: <ul style="list-style-type: none"> • preferential public procurement for EIs • support by the government of a part of the interest rate in bank loans • formation and support for professional networks
<p>Special Employment Centres for Social Initiative (<i>Centros Especiales de Empleo, CEE</i>)</p> <ol style="list-style-type: none"> 1. Aid for the generation of employment projects (technical assistance, fixed investments, partial interest subsidy) 2. Aid for maintaining jobs in CEEs 3. Aid for support units for professional activity 4. Aid for collaborative companies that hire disabled workers for an indefinite period in one working settlement
<p>Social Initiative Cooperatives (<i>Cooperativas de Iniciativa Social, CIS</i>)</p> <p>As social inclusion entities, these cooperatives, similar to other integration companies (cooperative or business enterprises), may receive aid and preferential treatment in the procurement of goods and services from public administration (Fajardo, 2013).</p>

In addition to the previous policies, in 2015 the central government adopted different policy measures that can support the development of special employment centres for social initiative and employment integration enterprises (Table 10).

Table 10. Public policies by the national government to promote WISEs (2015)

- Law 31/2015 of 9 September. Article 5.4 declares special employment centres for social initiative and employment integration enterprises as providers of services of general economic interest.
- Article 4 of Law 31/2015 modifies the fifth additional provision of the law of public sector contracts (TRLCP), approved by Act 3/2011 of 14 November. This modification includes special employment centres for social initiative and employment integration enterprises in the reserves of public administration contracts.

This Law includes some policies that help social enterprises achieve their social mission of reintegrating excluded workers into the 'normalised' employment market.

Table 11. Public policies to promote the achievement of the social mission of WISEs (2015)

- Article 6 of Law 31/2015 amending law 43/2006 of 29 December, for the improvement of growth and employment. Bonuses of EUR 1 650 are provided to ordinary companies that hire people who have completed the process for insertion into employment integration enterprises.
- Law 40/2015 of 1 October, on the legal regime of the public sector, which amends Article 60 of the revised text of the law of public sector contracts; this article establishes the prohibition to contract with public administrations for those companies with 50 or more workers and which do not comply with the hiring policy in favour of people with disabilities.

Private programmes promoting social enterprises and social entrepreneurship

All support tools presented in the previous paragraphs concern the public area, such as the social economy as a general framework for social enterprises and social enterprises themselves. To completing our analysis, in this section we focus on programmes which are a product of private initiatives to promote social enterprise and social entrepreneurship. Some of these programmes are briefly described below:

- **LaCaixa Social Entrepreneurship programme – LaCaixa Social Funds**
This programme is a call for grants for projects that address social or environmental problems through the creation or support of social, profitable and sustainable enterprises over time. It caters to social entities that want to open a first line of business, social entrepreneurs who have a business plan or social enterprises in the seed stage (no more than three years).
Website: <https://obrasociallacaixa.org/es/pobreza-accion-social/entidades-y-empresas-sociales/emprendimiento-social>
- **Momentum Project Spain**
This is an initiative by ESADE and BBVA and has the support of PwC. It aims to promote social entrepreneurship. To fulfil this goal, the Momentum project has two action plans: (1) the development of a programme to consolidate and increase the impact of these projects, and (2) the creation of an ecosystem to support social entrepreneurs. In this way, the Momentum project contributes to the development of social entrepreneurship through a programme and an ecosystem of support so that the most promising social enterprises can consolidate, grow and scale their impact.
Website: <http://momentum-project.org/>
- **UEIA Accelerator**
This is a social incubator for technology-based companies formed by a multi-disciplinary and expert team. The founding team of the UEIA is a group of people who are interested in entrepreneurship and social action. This group decided to apply its experiences in NGOs, accelerators, investment funds, entrepreneurial training and collaboration to pursue reforms.
Website: <http://www.ueia.com/>
- **UEM Young Social Entrepreneurs Awards**
Launched in 2008, the UEM Young Social Entrepreneurs Awards is a national YouthActionNet programme that recognises outstanding young social entrepreneurs throughout Spain. It has the support of the Sylvan/Laureate Foundation and the Universidad Europea de Madrid. As of 2015, it has produced more than 60 young Spanish leaders.
Website: <http://emprededoressociales.universidadeuropea.es/>
- **Projects with Spirit (Proyectos con Espíritu)**
This is an initiative to support social entrepreneurs with transformative and innovative ideas which result in positive changes in society. This project helped launch two ideas on social transformation through an exercise of collective financing and the establishment of clothing outlets in which each share purchased is an investment in these projects. It also offered these two projects a year in an office in a co-working space and provides advice on branding, marketing and communication.
Website: <http://espiritu23.com/proyectosconespiritu/>

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- **Ashoka Changemakers Foundation**
This is a project of Ashoka Spain which uses the power of open challenges and social innovation knowledge focusing on two specific fields:
 - Young Changemakers: This is an initiative dedicated to providing young people aged 14 to 24 years the opportunity to activate themselves socially. In this process they acquire key life skills such as empathy, leadership, initiative, teamwork and change management.
 - Changemaker Schools: A global network of primary and secondary schools which educate students in skills such as empathy, teamwork, creativity, leadership and problem solving. These are pioneering schools which have adapted to current educational needs, in line with a constantly changing world, and are also generating the social changes of the future. In Spain there are four schools.
Website: <http://spain.ashoka.org/escuelas-y-jóvenes/>
- **Integra Awards**
This initiative started in 2008 and aims to promote excellence and innovation in the employment market, promote equal opportunities and improve the quality of life of people with disabilities through the inclusion of this group. It is promoted by the BBVA Bank, FEACEM – CEE National Federation, COCEMFE – Spanish Federation of Persons with Physical and Organic Disabilities, Plena Inclusión – Spanish Federation of Persons with Intellectual disabilities and ONCE Foundation and Employment and Mental Health Foundation.)
Website: <http://www.premiointegrabbva.es/>
- **Think Big Young by the Telefonica Foundation**
This is a training programme for young people aged 16 to 24 years and with innovative social ideas. It includes mentoring and provides minor financial support.
Website: <https://thinkbigjovenes.fundaciontelefonica.com/>

Lastly, an interesting initiative called La Bolsa Social (LBS) was launched in October 2014 as the first crowdimpacting platform connecting the crowdfunding of investors and businesses with positive social impact in the form of mostly social enterprises. The mission of LBS is to boost the financing of companies with growth potential that will have a positive impact on society and the environment and to promote ethical finance.

4.3. Networks

Networks of social enterprises have a double mission: to defend the collective and professional interests of social enterprises, and to promote and enact all types of services that serve the interests and needs of social enterprises. This can be done through activities including: a) promoting and supporting all initiatives for the creation and consolidation of such enterprises; b) promoting and supporting the creation of associations of social enterprises; c) coordinating with other networks related to social enterprises; d) promoting collective negotiation with the government; and e) pushing for the disclosure and social recognition of social enterprises.

At a general level, the Spanish Confederation of Entities of Social Economy (CEPES)⁽²⁷⁾ was established in 1992. The cross-cutting nature of this confederation makes it the largest institution representing the social economy in Spain. It integrates 28 organisations, all state and regional confederations and specific business groups (primarily ONCE⁽²⁸⁾ and Mondragon) that represent the interests of the various types of entities in the social economy. According to the proposal of 'new conception' in Section 1, in which social enterprises expand the social economy's borders, CEPES should be one of the representative bodies for social enterprises, since it plays a relevant role in supporting the different models of social enterprises, such as CEE, EI or CIS, whose national federations (FEACEM, FAEDEI and COCETA, respectively) are members of this confederation. However, some advocacy associations for social enterprises that have

⁽²⁷⁾ CEPES: Confederación Empresarial Española de la Economía Social.

⁽²⁸⁾ ONCE is the representative organisation for blind people in Spain; its activities also cover other kinds of disabilities. It is currently the largest group of social enterprises in Spain, as it groups the biggest Special Employment Centres in all types of economic sector under the brand ILUNION - <http://www.ilunion.es/>.

emerged very recently are not included in CEPES, and there is then room for other representative bodies.

The National Federation of Employment Integration Enterprises (FAEDEI) (29)

FAEDEI is a non-profit, state-wide body that came into being at the end of 2007, bringing together the different territorial associations representing integration enterprises in Spain.

<http://www.faedei.org/>

The regional groups that are currently part of FAEDEI are:

- Asociación de Empresas de Inserción de Canarias, ADEICAN
- Asociación de Empresas de Inserción del Principado de Asturias, ADEIPA
- Asociación de Empresas de Inserción de Galicia, AEIGA
- Asociación de Empresas de Inserción de Madrid, AMEI
- Asociación Andaluza de Empresas de Inserción Sociolaboral, ANDEIS
- Asociación Aragonesa de Empresas de Inserción, AREI
- Asociación de Empresas de Inserción de Castilla La Mancha, ASEIRCAM
- Asociación Valenciana de Empresas de Inserción, AVEI
- Federación de Empresas de Inserción de Cataluña, FEICAT
- Federación Castellano Leonesa de Empresas de Inserción, FECLEI
- Asociación de Empresas de Inserción del País Vasco, GIZATEA
- Asociación de Empresas de Inserción de Extremadura, INSERCIONEX.

One of the objectives of the 2010-13 FAEDEI Strategic Plan is to complete a state map of territorial groupings. To do this, FAEDEI offers support and advice on the incorporation of territorial associations in the Balearic Islands and Murcia and is sharing information and best practices with the Association of Employment Centres of Navarra, which is already involved in activities associated with the Federation.

The Spanish National Federation of Special Employment Centres of Social Initiative (FEACEM) (30)

FEACEM, which was founded in 2000, integrates the major national and regional associations of Special Employment Centres for Social Initiative linked to organisations for people with disabilities. <http://www.feacem.org/>

FEACEM partners are:

- ACECA (Asociación de Centros Especiales de Empleo de la Comunidad Andaluza)
- AECEMCO (Asociación de Centros Especiales de COCEMFE)
- AECEMFO (Asociación Empresarial de Centro Especiales de Empleo de Fundación ONCE)
- AEDIS (Asociación Empresarial para la Discapacidad)
- Asociación de CEE de iniciativa social FEACEM Castilla y León
- Asociación de CEE de iniciativa social FEACEM Castilla la Mancha
- Asociación FEAFES para el Empleo
- ADECEM (Asociación Empresarial de Centros Especiales de Empleo de Enfermos Mentales)

(29) FAEDEI: Federación de Asociaciones Empresariales de Empresas de Inserción.

(30) FEACEM: Federación Empresarial Española de Asociaciones de Centros Especiales de Empleo <http://www.feacem.es>.

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- ARCEESCAN (Asociación Regional de Centros Especiales de Empleo de Economía Social de Canarias)
- CEGASAL
- EHLABE (Euskal Herriko Lan Babestuaren Elkarte - Asociación de Entidades de Trabajo Protegido del País Vasco)
- FEACEM CATALUÑA (Federació CATALANA de Centres especials de treball d' economia social)
- FOQUA, (L'Associació Forum per la Qualitat, Asociación Forum para la Calidad de Baleares)
- PADIS (Patronal Aragonesa de la Discapacidad).

Social Initiative Cooperatives

Social Initiative Cooperatives (CIS) that take the form of worker-owned cooperatives are part of the Social Initiative Cooperatives Sectorial (Sectorial Cooperativas de Iniciativa Social) within the Spanish Confederation of Worker Cooperatives (COCETA), which covers regional organisations. At the regional level, CISs are grouped in the regional federations of both cooperatives in general or workers' cooperatives. There is no regional federation only for Social Initiative Cooperatives.

<http://www.coceta.coop/>

Spanish Third Sector Platform

Created in 2012, the Spanish Third Sector Platform's goal is to defend, through a single voice, the rights and social interests of citizens, especially people living in poverty or at risk of exclusion. To this end, the platform brings together the seven most representative organisations in the social sphere: the Platform of Volunteers of Spain, the European Network for Combating Poverty and Social Exclusion in Spain (EAPN-ES), the Platform of Social Action NGO, the Spanish Committee of Representatives of People with Disabilities (CERMI), the Spanish Red Cross, Caritas and the National Organisation of the Blind of Spain (ONCE).

<http://www.plataformatercersector.es/>

Spanish Associations of Social Entrepreneurs

The Spanish Association of Social Entrepreneurs is an NGO working under the umbrella of the website 'socialemprende.org'. It was created by a group of committed people who believe in social entrepreneurship as a means to address social problems. Its goal is to promote the ecosystem of social entrepreneurship and generate knowledge-sharing networks. The body uses its website as a space for sharing training programmes, incubating social entrepreneurship projects, showing successful case studies and publishing a journal on the topic. They do not have a real membership, although they maintain an email list for social entrepreneurship groups.

<http://www.socialemprende.org/>

4.4. Research, education and skills development

4.4.1. Research projects and educational resources

The academic contribution to the institutionalisation of the concept of social enterprise in Spain has been substantial, as illustrated by the coverage of the topic in academic journals and the expertise role that scholars provide to public administrations and private institutions. One of the most relevant journals in the area, CIRIEC-Spain, includes more than 20 articles focusing specifically on social enterprise⁽³¹⁾. In 2012, a special issue was published focusing specifically on social enterprises. Its goal was to review the state of

⁽³¹⁾ See all references in <http://www.ciriec-revistaeconomia.es/>.

play of research on social enterprises and the challenges they face; it focused on papers assessing European policies and other related relevant issues such as entrepreneurship, social impact measurement, funding models and strategic management, as well as empirical analyses of cases such as CEE, EI, ethical and social banks, and fair trade certification (Monzón and Marcuello, 2012).

This interest in social enterprise is also reflected in research projects funded by the Spanish Ministry of Economy and Competitiveness via public scientific calls for proposals. The most recently funded project focusing specifically on social enterprise was 'Empresocial: Social entrepreneurship face to the employment crisis and social welfare' (2013-16), which was coordinated by Pilar Alguacil from the University of Valencia. Its goal was to investigate the potential of social enterprises to contribute to achieving employment policies and social welfare, as well as the circumstances that may be hindering their effective execution. The research focused on the analysis of the legal framework and public policy as well as the definition and organisational issues, of (self)-employment firms, social enterprises providing social and personal services, and mutual companies in general. Ultimately, it aimed at determining the characteristics of social enterprises, providing an effective measurement of the social component in business, and the benefits created for the entities themselves and for the welfare state.

Finally, in 2015 the Spanish Association of Accounting and Business Administration (AECA in Spanish) published the document 'Social Enterprise: conceptual framework, context and information' with the aim of advancing the understanding of social enterprises and identifying their challenges in practice. The study was commissioned from the Polytechnic University of Madrid and supported by an expert committee that included several academic representatives. The final report established the reporting standards for the performance and impact of these organisations in order to increase their transparency and visibility ⁽³²⁾.

At the international level, a team composed of 15 researchers from 8 different universities participate in the global research project 'International Comparative Social Enterprise Models' (ICSEM) which aims to compare social enterprise models and their respective institutionalisation processes across the world. ICSEM includes more than 200 researchers from over 50 countries working together to produce scientific knowledge with an emphasis on the comparative nature of the research. The first phase of the work carried out by the interdisciplinary Spanish ICSEM team will result in the ICSEM Working paper on Spain ⁽³³⁾.

There are no stable research structures specifically devoted to social enterprise but rather to the social economy and other close areas (social entrepreneurship, social innovation, non-profit organisations, local development etc.).

Following Flores *et al.* (2016), in Spain there were 32 postgraduate courses on social economy, social entrepreneurship and social innovation in 2014, representing 3.92 % of postgraduate courses in Spain related to Business and Economics (Total = 816). These courses have a mainly professional approach rather than research (75 % versus 25 %), and are located in public universities (77 % versus 23 % at private universities). With a broader approach, CEPES lists postgraduate and continuing education courses related to the social economy, including any courses where the term 'social enterprise' appears ⁽³⁴⁾.

⁽³²⁾ The final report is available at <http://aeca.es/old/pub/documentos/rs9.htm>.

⁽³³⁾ For the list of Spanish ICSEM partners, see <http://www.iap-socent.be/research-partners>.

⁽³⁴⁾ The study can be found in the CEPES website:
<https://docs.google.com/viewerng/viewer?url=http://www.cepes.es/files/publicaciones/90.pdf>.

4.4.2. Recent conferences, seminars and events

Organised by universities

1. III Workshop on Social Enterprise, June 2016. University of Valencia: <http://www.uv.es/uvweb/university-institute-social-cooperative-economics-IUDESCOOP/en/empresocial/seminars-conferences-1285913914854.html>
2. XVI Congreso de Investigadores en Economía Social de CIRIEC-España. October 2016: <http://www.ciriec.es>
3. Seminar on models of social enterprises. University of Sevilla: <http://grupo.us.es/pymed/es/seminario-30-de-marzo-modelos-de-empresa-social-una-aproximacion-al-caso-espanol-por-la-dra-carmen-guzman-alfonso-profesora-universidad-de-sevilla/>
4. Workshop on 'Eco-lab 2016: For a fairer economy'. University of Huelva: <http://www.uhu.es/sacu/cursos>

Organised by CEPES-SPAIN

1. 'Social enterprise as an agent of social economy', 12 September 2014, Madrid

More information:

2. 'Social enterprise as an agent of social economy. The further agenda in the European institutions.' 4 December 2014.

More information: http://www.cepes.es/noticias/402_economia-social-ocupara-lugar-prioritario-agenda-instituciones-europeas

Organised by El Hueco

1. European social entrepreneurship and social finance spring meetings.

The first European social entrepreneurship and social finance spring meeting (14-15 May 2015) focused on social finance, cutting across all aspects of social enterprise and the wider social economy. The second European social entrepreneurship and social finance spring meeting, entitled 'Social entrepreneurship in Sparsely Populated Areas' (20-21 May 2016), served as a meeting point between different actors within the most depopulated zones in Europe and explored the possibilities offered through social entrepreneurship in order to alleviate this situation and to encourage networking and exchange of knowledge.

More information: <http://www.elhueco.org/socialmeeting/en/>

Organised by FAEDEI

1. INSERCIONA (employment integration enterprises fair)

<http://www.inserciona.com/>

Organised by other institutions

Below we offer a number of events organised around social enterprises in a wider sense or in connection with other fields (e.g. urban development). In many cases these target current and future professionals interested in these areas.

1. Zinc Shower (professional event for the creative and collaborative economy): <http://zincshower.com/>
2. Laboratorio del Procomún (a collaborative initiative that aims to structure a discourse and a series of actions and activities related to the commons): http://medialab-prado.es/laboratorio_del_procomun
3. Inndeavalencia (cities and social entrepreneurship): <http://inndeavalencia.com/ciudades-y-emprendimiento-social>

4. Think Big (an initiative by Telefonica Foundation aimed at young people between 15 and 26 interested in launching a social enterprise): <https://thinkbigjovenes.fundaciontelefonica.com/que-es-thinkbig/de-que-va-thinkbig>
5. Ético 2016 (an initiative that aims to increase the visibility of the ecosystem around social entrepreneurship via networking and knowledge exchange): <http://www.simplelab.org/web/event/etic016-espacio-de-transformacion-e-innovacion-colectiva-o-comunitaria/>
6. SIMPLELAB (social entrepreneurship competition): <http://www.simplelab.org/web/costa-de-la-luz-solar-challenge-2016>
7. International Meeting of Social Entrepreneurship JOVESOLIDES (an event in the framework of a larger project that promotes the strengthening of social and academic organisations working in the field of youth): <http://www.redjovesolid.es/en>

4.5. Financing

Social enterprises in Spain appear to be mainly self-funded; even foundations and associations that used to rely mainly on public grants and private donations are now increasingly moving towards participating in economic activity in order to survive. Some of these generate funding through organising art exhibitions or selling products or services. For instance, an association can create a special employment centre to raise funding from the sale of products created by its target group (e.g. people at risk of social exclusion, the disabled etc.)⁽³⁵⁾.

Social investment is at an early stage of development in Spain, and there appears to be relatively little debate and data on investment in social economy entities/social enterprises. Instead, the term 'social investment' is usually understood as covering all investment covered by the following strategies, as identified by Spainsif (2012)⁽³⁶⁾:

- thematic investment funds (investment in sustainable development assets),
- selection of 'Best-in-Class' investment strategies (selection of the top companies in each sector),
- exclusion of investment securities (this approach excludes investment in arms, pornography, tobacco and animal testing),
- active dialogue, shareholder participation and voting systems on sustainable issues (this process seeks to promote transparency and influence the decision-making process).

4.5.1. Demand for finance

There are no estimates of the scale of demand for finance from social enterprises. However, there appears to be a general perception shared by stakeholders that demand significantly exceeds the current supply of funding available to social enterprises. Consulted stakeholders have estimated the gap to be at least 50 %, although there is no data identified to confirm this. All of the consulted stakeholders agreed that access to credit remains the key constraint to the development of social enterprises.

This contrasts with the situation of Social and Solidarity Economy Banks. Based on their numbers⁽³⁷⁾ and the comments of their personnel, there is actually an excess of finance availability. Coop57 has EUR 30.3 million in savings from its collaborator members (similar to investors), but only provides EUR 11.6 million in loans to social enterprises and other social entities. Likewise, for the FIARE Social Bank, the difference between the

⁽³⁵⁾ El País (2013) 'Social entrepreneurs with soul.' Available at: http://sociedad.elpais.com/sociedad/2013/02/24/actualidad/1361743315_132277.html.

⁽³⁶⁾ Spanish Report (2012), p. 10. Available at: http://www.spainsif.es/sites/default/files/upload/publicaciones/spainsif_informe_2012_web_1.pdf.

⁽³⁷⁾ Source: <http://www.coop57.coop/> and <http://www.proyectoifiare.org/>.

amounts it is prepared to loan and the real loans assigned is EUR 56.7 million and EUR 13.4 million respectively. The reasons behind this could include the misrecognition of these tools by the social enterprises and the long process involved in these banks deciding to allocate a loan due to the social analysis they carry out, as we discuss below.

With regard to the finance applicants from the social enterprises, there is no uniform profile. Demand most often comes from:

- organisations devoted to the social integration of people with disabilities or at risk of exclusion;
- organisations that supply traditional goods and services, with the aim of solving social problems or specific environmental issues.

One effect of the economic crisis is that the requirements for financing are focused more on the maintenance of current social activity (e.g. asking for the forward financing of future public subsidies) than on investment in new social projects. Social enterprises lack the financial support for new projects in need of important investment. During the most recent years of the crisis, they have used their financial resources to cover the costs of their daily activities. In this sense, the Austerity Plan 2011-13 and onwards, as with all programmes of the Public Administration, means that social enterprises working with public subsidies and even public procurement must finance themselves with credit until Public Administrations are able to transfer money to these organisations. This causes serious liquidity problems for social enterprises financed by the Public Administration. To cover their necessary costs, they usually use their own financial capacity, even asking their members for help, and later employ the services of private, ethical and social banks (see below). In some extreme cases, a few social enterprises have used venture capital to maintain their activity due to difficulties in covering their daily costs in recent years. These entities enter as members. Securing capital provides these organisations with greater stability and allows them to then request banking finance due to their improved financial situation.

However, the demand for investment is currently increasing. Traditionally, social enterprises have more often used the financial services of private banks than those from the social and ethical banks, since the latter lack the operational capacity to satisfy the investment needs due to the slow process of granting loans and other banking products. In addition, the services that social enterprises receive from private banks are very similar to those offered to other types of businesses. Social capital risk organisations are also increasing their activity, and some new and emerging forms of social enterprises use these services due to their relationship with the ecosystem of these capital risk entities (these are incubators, social accelerators etc.).

4.5.2. Supply of finance

A number of different players, both public and private, supply finance to social enterprises. Furthermore, various finance initiatives specific to social enterprises are undertaken mainly by the social and solidarity economy sector (Coop57 and Fiare), and ethical banking sector (Triodos Bank). Other initiatives such as the Creas Foundation or the Isis Foundation focus on social investment in general. There are also initiatives by traditional banks and the public sector, for example, the ICO Foundation, ENISA public enterprise, CAIXA Bank and BBVA Bank. The following text presents brief overviews of the aforementioned organisations, as well as other relevant organisations.

4.5.2.1. Public providers:

- **ICO Foundation, Social Finance:** Created in 2003, this state-owned non-profit organisation aims, *inter alia*, to facilitate access to micro-credit and support knowledge creation in the micro-finance sector. The ICO Foundation runs two major projects in the field of social innovation: a micro-credit pilot and a collaboration with FIARE Bank and CAF

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(Self-Financed Communities) ⁽³⁸⁾. PPM is a public-private partnership that operates in several sectors in Sevilla, Huelva, Pamplona and Barcelona, offering micro-credit loans without commissions and guarantees. CAFs are small associations comprising members who put together a fund to provide micro-credit loans to social enterprises and other communitarian enterprises.

- **ENISA, Innovation National Enterprise ⁽³⁹⁾**. A public enterprise funded by the Ministry of Industry, Energy and Tourism, ENISA is dedicated to financing viable and innovative projects by offering loans without guarantees. Although the organisation does not have a specific line of credit for social enterprises, it provides access to a network of business angels who can finance social enterprises in some instances.

4.5.2.2. Private providers:

- **Oinarri, SGR** is a mutual guarantee company specialising in the social economy, self-employed people and SMEs. The company was established in 1996 by the entities in the social economy of Basque Country. Its activities cover all types of businesses, and more than 60 % of its members are from the social economy sector or are self-employed. It thus also covers the activities of social enterprises.
- **Creas Foundation:** This non-profit entity encourages the development of venture capital for social enterprises with a positive social value. The foundation's efforts are focused on environmental and social projects ⁽⁴⁰⁾.
- **ISIS Capital:** Isis Capital is a joint initiative between the Isis Foundation and Gala Fund Management. The Isis Foundation aims to develop innovative social investment initiatives in Spain and in developing countries to improve the lives of vulnerable people and those at risk of exclusion. Gala Fund Management is a leading venture capital management company in Spain pioneering within the area of socially responsible investment, including social enterprises ⁽⁴¹⁾.
- **Ambers & Co Capital Microfinance** is a subsidiary of Ambers & Co, an independent corporate financial advisory service provider offering investment banking and corporate finance. Ambers & Co Capital Microfinance makes investments that have a social and environmental impact (climate change, access to water and health), which include social enterprises ⁽⁴²⁾.
- **BBVA Microfinance Foundation:** Microfinance BBVA Foundation was created by BBVA in 2007 as part of its corporate responsibility strategy, particularly in the field of social action. Its purpose is to promote self-sustaining economic and social development projects developed by social enterprises and other organisations.
- **BBVA Momentum Project:** The Momentum Project supports people who have observed a social problem and decided to find a solution through a business. According to the Momentum Project, social entrepreneurs should have the following characteristics: 1) relevant social impact, sustainable economically, innovative and scalable; 2) two years in operation; 3) two employees; 4) EUR 100 000 of income annually; 5) maximum 49 % income from donations or grants; 6) activity and impact in Spain.
- **LaCaixa MicroBank** is a section of LaCaixa Bank, one of the principal banks in Spain. The entity focuses on micro-enterprises and self-employment, and it runs a specific programme **for supporting social entrepreneurs ⁽⁴³⁾**. It aims to assist entrepreneurs and social enterprises in the 'seed stage' with training and management support, access to a network of social entrepreneurs, economic support and services to enhance the image and visibility of initiatives. The programme objectives are as follows:

⁽³⁸⁾ See <http://www.fundacionico.es/index.php?id=110>.

⁽³⁹⁾ See <http://www.enisa.es/>.

⁽⁴⁰⁾ See <http://www.creas.org.es/eng/>.

⁽⁴¹⁾ See <http://www.fundacionisis.es/>.

⁽⁴²⁾ See <http://www.gawacapital.com/> ; although not specifically operating in Spain, Ambers & Co are very active in the Spanish territory. As an example, see <http://www.mixmarket.org/funders/gawa-capital>.

⁽⁴³⁾ http://obrasocial.lacaixa.es/ambitos/convocatorias/emprendimientosocial_es.html.

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- increase the social impact of social start-ups;
- increase the likelihood of success of new business initiatives;
- accelerate consolidation of social start-ups;
- introduce budding social entrepreneurs to society and raise public awareness about the importance of social enterprises;
- encourage transformation of social institutions into social enterprises.

Furthermore, **Caixa** has special loans earmarked for social enterprises. These loans can be accessed by all employment insertion enterprises, as well as by companies working in the following areas: promotion of autonomy and attention to disability and dependence, fight against poverty and social exclusion, multiculturalism and social cohesion, and other projects with social and cultural impact.

- **KutxaBank – BBK Fundazioa** is a foundation owned by the Basque Savings Bank 'KutxaBank' that facilitates the provision of financial support to start-ups and social enterprises, and provides occasional technical support.

4.5.2.3. Ethical bank

- **Triodos Bank:** This is an independent European bank with 32 years of experience in banking and a focus on finance companies, institutions and projects that add value from the social, environmental and cultural viewpoints⁽⁴⁴⁾. Triodos Bank offers special finance to 'social enterprises and non-profit organisations with activities related to disabled people, social integration, healthcare, social services, and fair trade'⁽⁴⁵⁾. They only finance projects with positive social value, and most such projects are promoted by social enterprises.

4.5.2.4. Social economy banks

Although the operations of these banks are usually similar to those of any private bank, they use a legal form associated with the social economy and have a long-standing tradition or are associated with other social economy organisations. They focus on social projects and initiatives from social enterprises, mainly in the local area. The banking conditions of social economy banks are some times better than those of private banks because they understand better the characteristics and dynamics of the social sector.

- **Laboral Kutxa** is a finance cooperative belonging to the Mondragon Cooperative Group. Laboral Kutxa finances intermediate partners in the Employment and Social Innovation (EaSI) programme of the European Commission. Furthermore, Laboral Kutxa has a long tradition of financing, promoting and collaborating with entities in the social economy; mainly cooperatives. In 2013, the bank established special programmes for social enterprises⁽⁴⁶⁾.
- **Rural Cooperative Banks:** In the mid-1980s, 23 Rural Savings Banks formed the Spanish Association of Rural Saving Banks (*Asociación Española de Cajas Rurales*). Nowadays, an additional 54 Rural Savings Banks have joined the Association, making it one of the main banking groups operating in the Spanish financial system and confirming consolidation of the most recent and far-reaching concentration process of Spanish cooperative banks⁽⁴⁷⁾.

4.5.2.5. Social and solidarity economy banks

Two social banks operate in Spain, namely Fiare and Coop57, which could be considered as social enterprises themselves. Both banks focus on financing social enterprises and

⁽⁴⁴⁾ <http://www.triodos.es/es/particulares/>.

⁽⁴⁵⁾ <https://www.triodos.es/es/empresas-instituciones/nuestros-sectores/iniciativas-sociales/>.

⁽⁴⁶⁾ http://www.elperiodicodearagon.com/noticias/aragon/aragon-fomenta-desarrollo-proyectos-sociales_877419.html.

⁽⁴⁷⁾ For example, Caja Rural de Soria (Soria is a countryside region in the north-centre of Spain) is one of the main promoters of Huella Social ('Social Footprint'), a hub focused on social entrepreneurs and social business activities.

other projects that can demonstrably create positive social value at the local level. They locate themselves within the social and solidarity economy and as such they strive to put an end to financial exclusion through the engagement and participation of their members/clients and active awareness-raising campaigns. They are briefly described below:

- **Fiare:** This organisation was founded in 2002, and since 2005, it has been operating in Spain as an agent of the Italian Banca Popolare Etica, S. Coop. Fiare understands financial activity as a tool to achieve a social impact. The bank has three offices in Bilbao, Barcelona and Madrid. It offers financial services to social enterprises and other 'responsible' organisations. The FIARE ethical commission evaluates all received credit requests to ensure they are coherent with the FIARE political manifesto and the FIARE ethical code. Both the manifesto and the code focus on the need to achieve positive social impact by using FIARE's loans.
Website: <http://www.fiarebancaetica.coop/>
- **Coop57:** Coop57 is a cooperative of ethical financial services organisations devoted to providing loans to member organisations, including social enterprises. To become a member, an entity must satisfy two conditions: they must be a legally valid entity operating in the social economy and they must demonstrate the creation of social value. Although it does not use the term 'social enterprise', the social commission of Coop57 evaluates whether any entity wishing to become a member of the cooperative demonstrates the creation of positive social value. The members of Coop57 are therefore social enterprises and social organisations.
The cooperative started operations in 1995 in Catalonia, and since 2005 it has spread to other territories in Spain. Coop57 is a cooperative of financial services firms and works as a financing club for social enterprises and other social entities in the social economy. Because this activity is not controlled by the Spanish Central Bank, Coop57 is unable to offer financial services to individuals, although individuals can deposit their loans with the cooperative as collaborative members.
Website: <https://www.coop57.coop>

4.5.2.6. Crowdfunding platforms

- **GOTEO**
This is an open source crowdfunding website and collaborative platform focused on citizens' initiatives and social, cultural, technological and educational projects. It has been recognised internationally and has won many awards since 2011. GOTEO is an effective platform, and it focuses on formalising initiatives and transforming them into social enterprises, particularly of the cooperative nature.
Some differences between GOTEO and other crowdfunding platforms are as follows:
 - Financed projects are required to provide collective returns in terms of social impact.
 - There is a possibility for non-monetary contributions, in addition to monetary donations.
 - Statistical data on social impact and website source code are openly available.The website was developed by a non-profit foundation (with tax advantages for donors), and a multidisciplinary team continues to develop tools and services for co-creation and collective funding. The organisation's common mission is linked to the principles of transparency, progress and social improvement.
Website: <https://www.goteo.org>

Summarising the recent developments observed in the field of finance for social enterprises, the current economic situation in Spain has led to a shift in the attitude of Spanish social impact investors and private providers of financing (CREAS, ISIS, Caixa and BBVA). There is a change in their interest from social enterprises acting in the fields of international cooperation and environmental issues towards social enterprises focusing on groups at risk, such as the unemployed or disabled.

Despite being an incipient field, impact investments have seen increasing interest in recent years. This is illustrated in the rising popularity of cases where:

- investment funds provide seed capital for social and environmental activities;

- clients of private banks seek investment with a return in social or environmental terms;
- private foundations seek to contribute to the mission through investment rather than philanthropy.

4.5.3. Market gaps/deficiencies

Stakeholders generally⁽⁴⁸⁾ perceive that there is a problem with specific financing products focusing on social enterprises, rather than a problem of finance supply (as explained above), and perhaps also a problem in satisfying the existing demand in some steps of the life-cycle of social enterprises.

In this sense, Law 5/2011 on Social Economy states that Public Administration should support the activity and social recognition of these organisations, even though there is no specification in this law about the kind of financial support which should be given by the Government to social enterprises. The publication in 2014 of the Operative Programme of Social Integration and Social Economy 2014-20 (*Programa Operativo de Inclusión Social y de la Economía Social 2014-20*) offered a new opportunity to improve the financing of social enterprises' activities. This is a grant programme provided by both national and regional governments and which is funded by European funds.

On the other hand, one of the tools for increasing the attractiveness of social enterprises to potential investors is the promotion of measuring the social impact of their activities. The stakeholders view this issue as a future trend in the field of social enterprise. In addition, the Spanish Government is studying the promotion of a Law of Donors and Sponsors to make it more attractive to donate to foundations and non-profit organisations by providing tax incentives. The Law is also designed to help social enterprises secure better financial resources. However, the Law has suffered several delays, and there is currently no concrete date for it to be brought into force.

⁽⁴⁸⁾ According to interviews conducted.

5. PERSPECTIVES

5.1. Overview of the social enterprise debate at the national level

Various issues currently identified around the concept of social enterprise must be clarified to place the concept in context and establish its borders and features. In the next few paragraphs, we summarise five aspects of the discussion in Spain.

First, one of the major debates is about the location of social enterprises within or outside the social economy and the consequences of this. Representative entities and organisations of the social economy (mainly CEPES, but also the National Federation of Employment Integration Enterprises [FAEDEI] and the National Federation of Special Employment Centres for Social Initiative [FEACEM] and REAS) have proposed that social enterprises exist within the social economy following the framework of Law 5/2011 on Social Economy. On the other hand, new models of social enterprises are not linked to the mainstream traditional forms, and the media use the concept of social enterprises generically to refer to firms that perform some 'social activity' or spend part of their profits on a 'social issue', without regard to how those profits are generated or the governance model and without paying attention to whether these entities should be included in the social economy sector.

A question arises from this debate: Can social enterprises be established as part of the social economy? If so, must they use a legal form already included in the social economy (cooperative, association, foundation), or may they use a specific legal qualification form of these legal forms? Fajardo (2013) proposed that, if social enterprises include organisations beyond the social economy organisations that we accept today (EIs, CEEs, CISs, associations and foundations with economic activity), they should be required to meet legal regulations: recognition of rights, restrictions, obligations, promotion and so on. Furthermore, Fajardo (2013) suggested that this new concept must be integrated into the framework of the social economy as an extension of its borders.

According to the stakeholders, this is precisely the evolution that the concept is undergoing. Entities such as REAS, Coop57 and FIARE are in the midst of this debate, wondering whether the conditions of the legal forms could be relaxed so that some types of self-employed workers or liability companies could be accepted in their organisations. Currently, these agents may embrace the values of the social economy, but due to their specific economic activities or the regions where they are established (e.g. rural areas), they are unable to use the legal form of the social economy that is required to become part of REAS, Coop57 or FIARE.

The inclusion of a social enterprise as an organisation of the social economy prompts a second question about its governance. One of the main features of the social economy is governance based on collective management. If social enterprises are considered part of the social economy, can they be governed individually or must they be governed collectively?

Distribution of profit is another topic of the second major debate with regard to social enterprise and its inclusion in the social economy sector. The social economy maintains limits on the distribution of business profits. In the social enterprise models included in the traditional perspective discussed above (EI, CEE and CIS), the absence of distribution of profit is mandatory in their statutes by law. In these three cases, any profits have to be reinvested in the organisation to ensure the achievement of their social mission, not distributed to individual investors. (In the case of CISs, profits cannot be distributed to cooperative members; they have to be maintained in the organisation). This policy on profit distribution may create some controversy with some organisations following the Anglo-Saxon perspective and even the Social Business Initiative definition, since the absence of a profit-maximising motive is not included among the requirements; when social investment entities are involved, profits are required in order to remunerate social investors who provide capital for the organisation. In short, the debate could be framed

thus: is profit a feature of a social enterprise? Or does the identification of an organisation as a social enterprise mean that it should stick to its statutory purpose and direct all funds towards the achievement of its goals? What limits should be placed on profits?

Third, the nature of the funding of such an organisation is also a regular topic for questioning the model. Can a social enterprise receive public grants, or must be it financed exclusively through its commercial activities? This issue is key in many sectors in which social enterprises are linked to the provision of public services and activities for the government. Traditionally, the provision of public services (mainly in social services) was carried out through subsidies and agreements with social entities, although these services are now managed by public procurement. However, if the traditional agreements remained, would the organisations providing such services be considered social enterprises? Or would the acceptance of grants or fiscal support from the administration disqualify them as social enterprises? (Special Employment Centres, for example, are supported by the Spanish government through Social Security payments for workers with disabilities.)

The fourth point of debate is related to the achievement of the 'qualification of Social Enterprise'. Is a social enterprise label necessary? On the one hand, we could argue that a label would help consumers to identify social enterprises, which simplifies purchasing decisions for those responsible consumers who take into account social and environmental features in their purchases. On the other hand, we could point to three problems with the introduction of a label of social enterprise: first, it could provide an incentive for organisations to focus on specific social and economic outcomes that would maximise their final score in order to obtain the label rather than focusing on the quality of their services or user satisfaction, just as capitalist firms focus on maximising profit. Second, the establishment of a label is tied into the debate about the type of measure that should be used to obtain the label, its methodological consistency and the weight of each parameter included in it. Third, there are questions about the legitimacy of the certifying organisation; must it be part of the government, a representative or committee of social enterprises or an independent private company?

More debate is needed to achieve consensus about the three problems outlined above. In this same vein, Herrero (2016) identifies the need to reach a consensus on what social enterprises are and are not, which would make it possible to identify and establish different types or profiles of social enterprises in each country. What is needed is a set of concise statistics with appropriate indicators that would permit the measurement and rating of the dimension, impact and efficiency of this sector. This would provide for the establishment of specific political actions and allow us to take advantage of the richness and diversity of social enterprises.

Such a shared definition is required to establish clear and specific criteria about the characteristics of social enterprise, because while there is some agreement, there is also a high level of abstraction in the concept. Further discussion is needed on some aspects, such as:

- The percentage of an enterprise's total income that should represent commercial income, as well as the possibility of including public grants or other forms of income.
- The non-profit character of social enterprises or limits on the redistribution of profits, and in the latter case, the minimum percentage of reinvestment.
- The establishment of criteria to identify structures of governance that reflect and ensure the organisation's social purpose (using democratic or participatory principles).

Even as this debate is on the table, some experiments with a social enterprise label are being carried out. One of them is 'B-corp certification'. Originating in the USA and now established in 30 countries, the B-corp movement began in Spain in 2015 with the aim of selecting those organisations that achieve at least 80 out of 200 possible points in a list

of six categories, including questions about environmental performance, relationship with workers, type of product or service (does it solve a social or environmental problem?), governance (accountability and transparency) and impact in the community. Already, 14 Spanish enterprises, most of them focused on services related to social impact and innovation⁽⁴⁹⁾, have been certified as meeting standards of social and environmental performance, accountability and transparency, as defined by the B-corp movement.

Finally, the fifth debate is whether social enterprises can best be understood as an innovative institutional tool for a new system of social welfare or as an excuse to justify the withdrawal of public administrations from the provision of certain services. In response to the economic crisis and the need to reduce public expenses, national and regional governments are outsourcing public services and including in their criteria efficiency based on the cost of services. This phenomenon affects dependency and the care of vulnerable individuals, management of services for people with disabilities and people at risk of exclusion, and sectors related to psychological care and social services in general. Big corporations see this outsourcing as a business opportunity. In the face of the power of these corporations, foundations and third-sector entities that traditionally managed these types of services are diversifying their activities and grouping together to form new advocacy structures to defend their interests in the provision of social services.

In fact, this debate was one of the issues most commented upon by the expert panel consulted. These are some of the main comments:

- CEPES proposed that social enterprises arise from private entrepreneurial initiative to respond to social demands of certain groups of people and their family environment (in general, to help integrate groups at risk of exclusion). Although the government plays a crucial role in their creation and support with social public procurement and subsidies, the enterprises understand that their purpose is social work in the local environment.
- Herrero (2016) followed up this idea, stating that 'the recent economic crisis has created the necessity of significant challenges to social welfare systems, that is, the seeking and promotion of innovative systems for the provision of social services in a more efficient way'. Instead of reducing or eliminating 'government responsibility of societal problems' (Gilbert 2002) ⁽⁵⁰⁾, the support of new forms of business acting as social enterprises could be a way to seek efficiency in dealing with society's problems.
- Likewise, FEACEM proposed that social enterprises, as entities of the social economy, must be understood as an innovative institutional tool for a new system of social welfare – a new economy for a new society. Social enterprises complement, collaborate and engage with governments in a new system of social welfare, social inclusion and cohesion.
- FAEDEI pointed out the relevant role of employment integration enterprises as agents of active employment policies. Social enterprises provide opportunities for the groups with the greatest difficulty gaining access to the ordinary employment market. In this sense, FAEDEI considered the government justified in withdrawing from the provision of certain public services, understanding that social enterprises can contribute significantly in its place, even though the government technically remains responsible for providing social services (*inter alia*, by constitutional precept).

Although all the stakeholders understand social enterprise to be in collaboration with the government, they do not agree that the existence of social enterprises can justify the government's withdrawal from the provision of services.

5.2. Constraining factors and opportunities

In recent years, social enterprises have acquired greater visibility in Spain. Spanish society has recognised the role of the social economy and social enterprises, mainly because the current economic situation encourages seeking alternative forms of business

⁽⁴⁹⁾ Website of B-corp Spain: <http://bcorporation.eu/spain>.

⁽⁵⁰⁾ Gilbert, N. (2002). Transformation of the welfare state: The silent surrender of public responsibility. Oxford University Press, USA.

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and investment. Indeed, the economic climate has created a number of opportunities for the creation of social enterprises (although it has also negatively impacted their growth, as explained below):

- It is clear that society has perceived a failure, at least in part, of the existing economic models, switching the focus of the economy from a capitalist model to more socially conscious economic structures. This environment favours the development of social enterprises.
- High unemployment rates have prompted individuals to seek alternative ways of pursuing their careers – for example, by setting up cooperatives and self-employment.
- The economic crisis has made clear the need to seek and promote innovative welfare policies that guarantee the provision of social services in an efficient manner. One possibility is providing government support to organisations in civil society that deal with solutions to social problems and bring them to the market most efficiently. The use of social public procurement is an example of this. Many local and regional governments are using the administration's purchasing power and the inclusion of social clauses in public procurements to establish an exclusive market for social organisations.
- The creation of an institutional framework in Spain, with the adoption of Law 5/2011 on Social Economy and Law 31/2015 to support the social economy, as well as recognition at the European level of social enterprises as fundamental elements of the welfare state, made room for greater visibility of the work of social enterprises. The 2011 Law was significant for its recognition of the social economy as a sector, and it created high expectations for the development of entities in the sector. However, the impact of the Law has been limited by the minimal development of its proposals (e.g. after five years there is no registry of organisations in the social economy) and the lack of funding for its promotion. It emerged as a great opportunity – including for social enterprises – but its effect is now neutral and people in the field wonder if new laws are necessary.
- Conditions for the establishment of social enterprises are improving as a result of the visibility of social enterprises in the media, on the internet and in foundations, associations and business schools, as well as the growing number of training programmes in the field of social entrepreneurship and social enterprise, including doctorate and master's programmes.
- Finally, research and popular publications – together with the ample dissemination of some ideas linked to the social entrepreneur, such as the theories of Bill Drayton, founder of Ashoka, who in 2011 received an important Spanish award, the 'Principe de Asturias Award' – have contributed to promoting the idea of social entrepreneurship in Spanish society while also creating some confusion between concepts, since not all projects developed by social entrepreneurs can be considered as social enterprises.

In spite of a favourable climate that seems to provide a number of opportunities for the development of social enterprises, stakeholders consulted for this document noted that there are still significant barriers to the establishment and growth of social enterprises. The most commonly noted issues were as follows:

- Despite growing visibility, there still exists a significant lack of understanding in Spanish society about what social enterprises are. Furthermore, there is little real diffusion of news related to social enterprise in the traditional media.
- It is difficult to measure the social and economic impact of social enterprises, since there is not an appropriate balance between the generation of social value and economic value.
- Social enterprises contend with problems in reaching the market due to a lack of awareness among public institutions of the concept of social enterprise.
- Announcements of grants and tenders do not take into account the special features of social enterprises.
- University curricula include too little training in the management of social enterprises.
- Another challenge is the lack of a developed practice for social public procurement, such as inclusion of relevant non-monetary selection criteria.

- The tax system could be more favourable to social enterprises at both local and national levels. There are already some fiscal advantages, as we explain above, but those involved in social enterprises are of the opinion that there is more room for improvement.
- Social enterprises have trouble attracting investors and skilled workers due to the typically lower pay (capital and labour) these companies can offer compared with traditional for-profit companies. Thus, it is necessary to find investors and workers who share their principles.
- Social enterprises also face difficulties in accessing credit or other funding in some steps of the business cycle – and, in some cases, in accessing financing tools adapted to the features of social enterprise.
- The negative effects of the crisis are an additional factor (see below).

5.3. Trends and future challenges

The current economic crisis had had a dual effect on the creation of social enterprises. On the one hand, it is stimulating the search for new economic structures and prompting the creation of alternative forms of enterprises, such as social initiative cooperatives. On the other hand, it is causing a standstill in public financing for initiatives related *inter alia* to social enterprises. Furthermore, it seems that access to private traditional credit has become more complicated due to the effects of the crisis in the Spanish financial sector, although new financing options are emerging from within the social enterprise and social economy sector.

Social enterprises have proved to be more resilient to certain consequences of the crisis. Precise employment data is not available, but some estimates suggest that the broader social economy sector gained 29 000 firms and 190 000 jobs during the crisis years, representing 10 % of the GDP and 12.5 % of total employment in Spain (CEPES, 2015).

In this context, social enterprises are becoming a major player within Spain's social economy. There are already several entities integrating the social enterprise panorama into the social economy (social initiative cooperatives, WISEs [EIs and CEEs], and foundations and associations carrying out economic activity), and the establishment of new models of social enterprise is expanding the borders of this sector. In the face of government cuts in social programmes, individuals have started to organise themselves in order to prevent and solve societal problems in a sustainable way, trying to carry out economic activity that enables them to diversify their income sources and helping to further expand the reach of social enterprises.

The stakeholders consulted suggest that there is a general concern affecting the development of social enterprises in Spain, namely the territorial structure and uneven development at a regional level. It would be useful to articulate a single and basic national framework to allow a more homogeneous territorial evolution of social enterprises.

A variety of documents from the sector summarise the present discussion of challenges for social enterprises at a national level. The following examples apply specifically to Employment Integration Enterprises (EIs) ⁽⁵¹⁾:

- Sector of activities

Social enterprises are created with the social purpose of tackling a problem or social necessity existing in the context in which the company develops. The current situation of the Spanish economy (high youth unemployment and long-term unemployment) suggests that one sector in which the presence of social enterprises could be increased is 'training and employment integration of vulnerable groups of people'. The logistics and distribution sector holds some promise for training and integrating vulnerable people, owing to the prevalence of repetitive, physical and non-complex tasks that require little-skilled labour.

⁽⁵¹⁾ FAEDEI (2014): Memoria Social 2013, <http://www.faedei.org/images/docs/documento48.pdf>.

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In addition, the ageing of the population could lead to the development of social enterprises in the field of 'rendering various personal services' of personal and collective character (such as elderly services). Finally, concern for the environment could encourage the creation of social enterprises related to environmental protection.

In any case, it is necessary to create products and services which, in addition to generating social value and value to the customer, are competitive and may be sold at reasonable prices such that they are sustainable and profitable.

- Collaboration with public institutions

The main challenge in this case is to establish the obligation that social services can only be outsourced to non-profit organisations (social enterprise) and to introduce social clauses in requirements for tenders (responsible for public procurement). These social clauses can be related to the characteristics of hired workers (facilitating the employment integration of vulnerable people), the preferred outsourcing of public contracts to social enterprises, the creation of reserved markets for social enterprises, the inclusion of ethical criteria in public procurement and the promotion of specific sectors related to social enterprises (e.g. promotion of fair trade), among others. In responsible public procurement, social organisations find an important niche in the market to support their activities.

- Financing

Social enterprises need to obtain adequate finance not only to become established but also to ensure their growth and development as sustainable businesses.

A key issue is to determine what kind of financing is most appropriate for this type of company. Rather than financing through investment funds and venture capital companies, which are looking for future profits, these companies need other options to maintain their social interest rather than speculative interests. One proposal from practitioners of social enterprises is to constrain the political rights of financing providers to control the power of investors.

- Management challenges

There are challenges within social enterprises, as well. Stakeholders have raised different questions related to working conditions, teams and auditing processes. The challenges are related to:

- Creating certificates of professionalism and accreditation of work experience in social enterprises.
- Promoting cooperation inside the sector and with new partners to consolidate social enterprises.
- Supporting new models of public-cooperative and public-community collaboration, from which new models of social enterprises are emerging.
- Creating 'teams' (of employees, partners, investors etc.) that share the mission, principles and convictions of social enterprises and that contribute to the right balance between social value and economic value.
- Improving working conditions in social enterprises.
- Introducing other stakeholders in the governance of social enterprises – in particular, users and government administrations.
- Improving the processes of accompaniment of inclusion workers.
- Improving production and management processes.
- Developing processes for auditing and social balance and overcoming the difficulty of measuring the socio-economic impact of social enterprises.

- Labels and certifications:

Regarding labels and certifications, there is a consensus among stakeholders that labels and certifications are important. They help social enterprises to be recognised by society. They should provide clear information and, if possible, also distinguish social impact. In fact, the establishment of labels or certifications can promote the visibility of social

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enterprises and thus help them to obtain resources and expand demand. The criteria should be balanced between too strict a set of requirements (which can leave out small social enterprises that cannot achieve such a high level) and too broad a definition (allowing an excessive number of companies to call themselves social enterprises).

For future research, it would be interesting to establish a catalogue of social enterprises in Spain in all the areas in which they operate, identifying types or profiles of social enterprises and the elements and characteristics of each. This would be an important step toward producing statistics of the sector (or subsector) of social enterprises, allowing us to evaluate its scope and impact.

6. ANNEXES

6.1. Operational social enterprise definition

The following table represents an attempt to operationalise the definition of social enterprise based on the Social Business Initiative promoted by the Commission.

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Main dimension	General definition	Relevant Indicators (<i>non-exhaustive list</i>) (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Entrepreneurial/ economic dimension	Social enterprises (SEs) are engaged in the carrying out of stable and continuous economic activities, and hence show the typical characteristics that are shared by all enterprises ⁽⁵²⁾ .	<ul style="list-style-type: none"> - Whether or not the organisation is incorporated (it is included in specific registers) - Whether or not the organisation is non-autonomous (controlled or not by public authorities or other for-profit/non-profit organisations) and the degree of such autonomy (total or partial) - Whether members/owners contribute risk capital (how much) and whether the enterprise relies on paid workers - Whether there is an established procedure in case of SE bankruptcy - Incidence of income generated by private demand, public contracting and grants (incidence over total sources of income) - Whether and to what extent SEs contribute to delivering new products and/or services that are not delivered by any other provider - Whether and to what extent SEs contribute to developing new processes for producing or delivering products and/or services 	SEs must be market-oriented (incidence of trading should ideally be above 25 %)	- We suggest that attention is paid to the development dynamic of SEs (i.e. SEs at an embryonic stage of development may rely only on volunteers and mainly on grants)

⁽⁵²⁾ In accordance with Articles 48, 81 and 82 of the Treaty, as interpreted by the Court of Justice of the European Communities, 'an enterprise should be considered to be any entity, regardless of its legal form, engaged in economic activities, including in particular entities engaged in a craft activity and other activities on an individual or family basis, partnerships or associations regularly engaged in economic activities'.

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Main dimension	General definition	Relevant Indicators (<i>non-exhaustive list</i>) (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Social dimension (social aim)	<p>The social dimension is defined by the aim and/or products delivered.</p> <p>Aim: SEs pursue the explicit social aim of serving the community or a specific group of people that shares a specific need. By promoting the general-interest, SEs overcome the traditional owner-orientation that typically distinguishes traditional cooperatives.</p> <p>Product: when not specifically aimed at integrating disadvantaged people into work, SEs must deliver goods/services that generate a beneficial societal impact.</p>	<ul style="list-style-type: none"> - Whether the explicit social aim is defined at statutory/legal level or voluntarily by the SE's members. - Whether the product/activity produced/carried out by the SE is aimed at promoting the substantial recognition of rights enshrined in the national legislation/constitutions - Whether SE's action has induced changes in legislation. - Whether the product delivered – while not contributing to fulfilling fundamental rights – contributes to improving societal wellbeing. 	<p>Primacy of social aim must be clearly established by national legislations, by the statutes of SEs or other relevant documents</p>	<ul style="list-style-type: none"> - The goods/services to be supplied may include social and community services, services for the poor, environmental services up to public utilities depending on the specific needs emerging at the local level. - In EU-15 countries (and especially in Italy, France and the UK) SEs have traditionally been engaged in the provision of welfare services; in new Member States, SEs have proved to play a key role in the provision of a much wider set of general-interest services (e.g. from educational services to water supply). - What is conceived to be of meritorial/general-interest nature depends on contextual specificities. Each national expert should provide a definition of what 'public benefit' means in her/his country.

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Main dimension	General definition	Relevant Indicators <i>(non-exhaustive list)</i> (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Inclusive governance-ownership dimension (social means)	<p>To identify needs and involve the stakeholders concerned in designing adequate solutions, SEs require particular ownership structures and governance models that are meant to enhance to various extents the participation of stakeholders affected by the enterprise.</p> <p>SEs often limit the distribution of profits. The non-profit distribution constraint is meant to ensure that the general interest is safeguarded. The non-profit distribution constraint can be operationalised in different ways.</p>	<ul style="list-style-type: none"> - Whether SEs are open to the participation and/or involvement of new stakeholders. - Whether SEs are required by law or do adopt (in practice) decision-making processes that allow for a well-balanced representation of the various interests at play (if yes, through formal membership or informal channels; giving voice to users and workers in special committees?). - Whether a multi-stakeholder ownership structure is imposed by law (e.g. France). - Whether SEs are required to adopt social accounting procedures by law or they do it in practice without being obliged to. - Degree of social embeddedness (awareness among the local population of the key societal role played by the SE versus isolation of the SE) - Whether the non-profit distribution constraint is applied to owners or to stakeholders other than owners (workers and users): whether it is short-term (profits cannot/are not distributed or they are capped) or long-term (asset lock); or both short and long-term. - Whether the cap is regulated externally (by law or defined by a regulator) or it is defined by the SE bylaws. - Whether limitations to workers' and/or managers' remunerations are also imposed (avoid indirect distribution of profits). 	<p>SEs must ensure that the interests of relevant stakeholders are duly represented in the decision-making processes implemented.</p>	<ul style="list-style-type: none"> - Ownership rights and control power can be assigned to one single category of stakeholders (users, workers or donors) or to more than one category at a time – hence giving ground to a multi-stakeholder ownership asset. - SEs can be the result of collective dynamics or be created by a charismatic leader (in principle a sole owner is admitted by some national legislations provided that the participation of stakeholders is enhanced through inclusive governance) or public agency. - Different combinations concerning limitations to profit distribution envisaged (e.g. most successful solution: capped dividends supported by total asset lock – Italian social coops, CIC, SCICs).

6.2. Illustrations

Illustration 1. TIEBEL, S. Coop.

TIEBEL is a social initiative cooperative located in Zaragoza. It seeks the creation of quality jobs, preferably for women; the employment integration of socially disadvantaged people; and the provision of quality services, including professional cleaning, occupational training and socio-cultural and sports animation.

TIEBEL is a response to the unemployment situation of a group of people with skills and who want to work. With more than 40 people included in the project and with the promotion of a social integration enterprise named TINSER in 2007, TIEBEL is an example of a typical social initiative cooperative engaged in the traditional activities of this type of organisation, focusing on a labour-intensive sector, such as cleaning.

The cooperative was founded in 1993 as a social initiative cooperative by group of unemployment women who wanted to work and wanted to be able to offer jobs especially for women. They started with home services, professional cleaning and professional gardening. In 1996 they started their own training project in professional cleaning aimed at women.

From 2013 TIEBEL promoted two 'social spin-offs'; aRopa2 and DE TESELA EN TESELA. The first project is devoted to recovering and recycling of used clothing and other textiles in Aragon. Its mission is to promote environmental protection and creation of jobs for people at risk of social exclusion. It is an excellent example of intercooperation between social enterprises (TIEBEL, S. Coop. and LaVeloz Cooperative Group are partners in the project: the former focuses on the process of inclusion of socially excluded people through the process of selecting and cleaning the clothes; the latter with the delivery of used clothes and the sale of the garments following the cleaning process). aRopa2 also initially received the support of the local government, with subsidies for its four first years in order to accelerate the process of emerging, and permission for the use of public space for their clothes containers. The second project, 'DE TESELA EN TESELA' is a cultural project in collaboration with the original neighbourhood in which the cooperative was born. It is a workshop that promotes the art of the mosaic as an artistic and cultural element, taking advantage of heritage synergies in the town of Azuara.

More information: <http://www.tiebelcooperativa.com>

Illustration 2. MAPISER

MAPISER was created by the Picarral Foundation and Integration Employment Foundation in 1997 to provide employment training and employment to people affected by social exclusion or at risk of social exclusion.

MAPISER has been seeking employment niches in several areas (industrial handling, cleaning graffiti and painting façades, wooden packing, logistics and distribution, information and data services etc.), becoming a social holding company whose enterprises complement each other in maintaining a balance between social objectives and the need to be economically viable.

MAPISER demonstrates the benefits of maintaining a willingness to pursue business opportunities in the real market. These market opportunities offer employment niches for the target population of the WISEs if these organisations are able to adapt the opportunities to satisfy the needs of these groups. Furthermore, collaboration and business cooperation are keys for creating and strengthening the networks serving these groups and for gaining long-term viability.

MAPISER's goal is to create stable and worthy employment for people with special difficulties accessing the ordinary employment market, to favour the employment and social insertion of workers, and to work for a future in which the company balances the human factor and profitability.

Similar to other WISEs in Aragon, the origin of MAPISER is the result of the collective activity of a neighbourhood association in Saragossa. The Picarral Neighbourhood Association, in the North of Saragossa, promotes this WISE in collaboration with another organisation, the Integracion y Empleo Foundation. This neighbourhood association supports the Picarral Foundation, which aims to promote the social and employment integration of people with different disabilities (young people and people with limited intellectual capacities or slight psychiatric disabilities) and created the structure for MAPISER to carry out this goal.

Since the beginning, the project has relied on a large team of volunteers which collaborates with hired personnel to provide basic training, socio-cultural activities and workshops with users. Both groups are a key factor in the efficacy of the beneficiaries acquiring professional skills and the necessary resources.

MAPISER has demonstrated that it is possible to integrate a labour force in fields where specialisation is a key factor. The entry into new activities with a high added value such as managing and digitising documents and adapting to customer demands as a way to continue integration into the labour force are just two examples.

More information: <http://www.mapiser.com>

Illustration 3. ANOBIUM

ANOBIUM is a special employment centre focused on the integration of people with all types of disabilities (physical, sensory and mental). It does this through activities linked to innovation and technology, with digitalisation of documents as the most important activity. It also manages social networks and websites of businesses and organisations, organic positioning of websites in online search engines (search engine optimisation [SEO]), and pay per click in online advertisements and marketing (search engine marketing [SEM]). It clearly shows two lines of activity in its business model – one focused on supplying information and communication technology (ICT) services to the market and the other on the work integration of people with disabilities.

ANOBIUM was officially founded on 30 May 2007. It divides its economic activity into three main areas: Physical services, Digital services and Services of Research and Consultancy. ANOBIUM develops its economic activity simultaneously with the service of work integration, which is its *raison d'être* as a Social Enterprise. This is explained in the main objective of ANOBIUM: to focus on the person as the heart of their activity, providing a means for their socio-employment integration through decent work, a good work environment and employment security and stability, and supporting the personal development of the people who form the company.

The professional team is one of key elements in the services provided by ANOBIUM. One of the most important departments of ANOBIUM is the Department of Human Resources (in the organisational chart this is located at the level of the managerial staff). The Department of Human Resources manages the process of integrating disabled people into the workforce. The work integration service plans the work patterns and routines of workers in order to ensure the stability of their jobs. It allows employment time to be balanced with training time in order to facilitate the inclusion of disabled workers in the regular employment market. Thus, both social and employment integration of workers becomes the essence of ANOBIUM, and the development of services in the ICT industry is seen as an opportunity to continue expanding this work of integration into new niches of employment.

This work integration process is developed following protocols that have been perfected over time. The objective of systematising and professionalising the process of fostering and supporting is the acquisition and development of personal and social skills and work skills that will enable the person better access to work and the maintenance of a job.

More information: <http://www.anobium.es/>

Illustration 4. Portal Berguedà

PORTAL BERGUEDÀ was created in 2012 by the Portal Foundation to provide employment training and employment to young people affected by dual pathology (people with addiction and a mental disorder) and their families. Young people produce dairy products, mainly yogurt, using the traditional method and under the direction of an artisan in a farm workshop. The yogurt products are sold in gourmet and specialty shops under the brand Delícies del Berguedà.

In this project the social enterprise gives a response to the problem of young and adolescent people affected by dual pathology that have made a therapeutic process and helped to exit the situation of risk. These people face major obstacles to incorporation into the employment market, and are unable to follow traditional education paths. A second objective, in the long-term, is to create a centre in which some of the workers can live in while others with more autonomy can live in special tutor-supervised apartments.

The workers employ a tradition process with control of the products at the different stages of transformation, under the direction of an artisan, leading to extensive and sustainable production. The Delicacies of the Berguedà brand applies innovative technologies to guarantee an artisan product as homemade.

In 2014 it was recognised as a quality gourmet product and is well positioned in the Horeca channel, counting among its portfolio of clients' hotels such as the Majestic, Casa Fuster and the W Barcelona.

PORTAL BERGUEDÀ is a social enterprise that participates in the programme 'Support to the Social Entrepreneurship of the Government of Catalonia'. It is a member of the Xarxa Agrosocial promoted by the Fundació Catalunya-La Pedrera and is a founder partner of the Cooperativa 2147Mans.

Source: <http://www.deliciesdelbergueda.cat/es>

Illustration 5. Rey Ardid Holding Group (FRR)

Rey Ardid Holding Group (known as 'Rey Ardid') was created in 1991 in response to the need to provide care for the most vulnerable people, creating environments that favour greater personal autonomy and a better quality of life and services.

Rey Ardid works in six areas (mental health, the elderly, children, training, integration and employment). It allows the design of complete schedules of care and rehabilitation and favours the integration of people with difficulties into a normal social, living and employment environment.

The main goals are to achieve full social integration, to cover the user's basic needs and to improve the quality of life for both them and their relatives. To achieve these goals the group has developed a range of actions: training, awareness, leisure and recreation etc. FRR has established diverse agreements with official bodies and private institutions to develop assistance, prevention, rehabilitation, socio-professional integration and training activities

Twenty-five years after its foundation, Rey Ardid has evolved in parallel to the Welfare State, expanding its intervention areas to ensure that attention is targeted on the most vulnerable people in society, namely, children and youngsters, the elderly, people with disabilities and people at risk of social exclusion. In addition, they are able to cater for people with mental disorders, following the creation of various non-profit organisations that today form the Rey Ardid Holding Group.

In 2014, Rey Ardid assisted more than 5 715 people, thanks to the work of more than 773 qualified and experienced professionals and 90 volunteers.

In 2012, Emprey (Social Enterprises Rey Ardid) was created. This new project includes all the social enterprises of the Rey Ardid group. The objective is to pool resources, abilities, talent and experience and thus to become more innovative and effective. In other words,

coming together to offer the best solution. In relying on the services of the Rey Ardid Foundation's social enterprises, customers put their trust in real people who act with responsibility and share the belief that social value is the best investment. Thanks to the continuous training of its workers and with backup of a large group, the social enterprises of the Rey Ardid Foundation are able to offer unique solutions, customised and adapted to the specific needs of each customer.

More information: <http://www.reyardid.org>

Illustration 6. SOM ENERGIA, S. Coop.

SOM ENERGIA is a non-profit consumer cooperative dealing with green and renewable energy, whose main activities are marketing and production of energy from renewable sources. It is committed to promoting the change of the current energy model into a 100 % renewable model.

SOM ENERGIA began its activities in 2011, having been conceived a year before as a project driven by citizen participation to change the energy model. The partners of SOM ENERGIA are part of the cooperative thanks to an initial contribution to the social capital of EUR 100. Any individual, company or public administration that shares the values of SOM ENERGIA can join the cooperative.

The cooperative produces energy through its own platforms from renewable sources (sun, wind, biogas, biomass) and the funds come from volunteer contributions from the cooperative members. The cooperative manages, buys and bills the electricity that its partners consume. It is recognised as a marketer of green electricity, according to its certificates of guarantee of origin (CNMC).

The cooperative has a new generation electricity project, Planta Solar de Alcolea del Río. In August 2016, 2 182 cooperative partners invested more than EUR 2 million in a self-production electricity platform. The project has been fully financed, built, connected to the network, and is producing green energy and returning it monthly and at cost to all those who have invested to make it possible.

The Governing Council, selected by members, is responsible for implementing the guidelines set by the Assembly regarding the values set out in the statutes of the cooperative. The Governing Council members are unpaid volunteers.

SOM ENERGIA is an example of a social enterprise developed in a new sector of activity that did not exist in Spain five years ago. The increase in members and consumers is very impressive (more than 5 000 people per year), reaching in August 2016 more than 27 000 members and more than 37 000 contractual customers, and the income estimation for 2016 is EUR 23 million.

More information: <http://www.somenergia.coop/>

Illustration 7. Municipal Services of Candelaria

Municipal Services of Candelaria is a public and municipal corporation owned by the municipality of Candelaria, a town in the Canary Islands. Created in 2007, it is dedicated to social and professional integration of people at risk of social exclusion or at risk of suffering exclusion. For the development of the activities that constitute its corporate purpose, the 'Municipal Services of Candelaria' employment integration enterprise manages the following municipal services, which have been commissioned by the municipal authority: geriatric care for people at home; interior cleaning of properties and/or of urban equipment; concierge services for municipal buildings; the management of a pottery centre and of a municipal pool. The corporation's vision is to be a service company that operates with efficiency and quality, developing integration processes according to the individual agreements made by each person with the company and taking advantage of opportunities that may arise to promote job creation. The corporation's values include quality, efficiency, transparency, respect, honesty and good humour.

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Municipal Services of Candelaria is the first example of a social enterprise created by a municipality in Spain; an EI devoted to solving problems of social and employment exclusion in the city⁽⁵³⁾. Municipal services and infrastructures are devoted to supporting the economic activity of the EI. In 2014, turnover was EUR 715 313 and there were 33 workers, although in 2010 the levels were the highest so far: EUR 1.5 million and 60 workers, according to the commercial registry.

More information: <http://www.candelaria.es/index.php/sector-publico-municipal/empresa-de-insercion>

⁽⁵³⁾ <http://web.eldia.es/sur/2013-01-27/1-Candelaria-primer-ayuntamiento-espanol-crear-empresa-insercion.htm>.

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6.4. List of consultees

	Name of the person interviewed	Organisation/ Role	Stakeholder category
1	Albors, Margarita	SOCIAL NEST Foundation	Social enterprise that promotes sustainable businesses seeking to have a positive social impact
2	Alguacil, María del Pilar	IUDESCOOP	Professor expert in social enterprises, Valencia University
3	Cabra de Luna Miguel Angel	ONCE Foundation	Professional and member of GECES group European Commission
4	Chaves, Rafael	IUDESCOOP	Professor and expert in social enterprises, IUDESCOOP
5	Comos, Carmen	CEPES	Main Spanish confederation representing the business interests of the social economy
6	Crespo, Miguel	Subdirección Economía Social Ministerio. Jefe de Servicio de Economía Social y RSE	Director of Social Economy, National Government
7	Fajardo, Gemma	IUDESCOOP	Professor and expert in social enterprises, Valencia University
8	García, Jordi	Xarxa d'Economia Solidaria	Network of Social Enterprises in Catalonia
9	Guzmán, Carmen	Universidad de Sevilla	Lecturer and expert in social enterprises, Sevilla University
10	Hernández, Manuel	Fundación Rey Ardid (propuesta de entidad del Sector tradicional)	Social enterprises group in Aragón
11	Herrero, Mercedes	Florida Universitaria	Professor and expert in social enterprises, Florida University
12	Marco, Ana	Som Energía	Social enterprises cooperative in energy sector
13	Ramos, Nieves	FAEDEI	National Federation of Work Integration Social Enterprises
14	Torres, Josefa	FEACEM	National Federation of Special Employment Centres for Social Initiative

6.5. Summary of Legal Regulation

- Ley 5/2011 de Economía Social
- Law 31/2015, 9 September, which modifies and updates the rules on self-employment and adopts measures of promotion and facilitation of self-employment and the social economy.

Social Initiative Cooperatives

- **Cooperative Social Integration:** This features in various Spanish cooperative laws, sometimes under that name (Basque Country, Valencia, Galicia, Madrid, Andalusia, La Rioja and Castilla-La Mancha), sometimes as Cooperative Welfare (Navarra and Extremadura), the Cooperative of Social Services (Aragon) or the Cooperative of Social Integration (Balearic Islands). It is specifically listed in the following articles: Extremadura Cooperatives Law, 1998 (Section 153); Galician Cooperatives Law, 1998 (Article 125); Aragon Law, 1998 (Article 83); Madrid Law, 1999 (Section 121); La Rioja Law, 2001 (Section 129); Law of Castilla-La Mancha, 2010 (Article 149); Balearic Law, 2003 (Section 139); Valencian Law, 2003 (Article 98); Navarra Law, 2006 (Article 77); and Asturian Law, 2010 (Article 184).

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- **Social Initiative Cooperatives (in the strictest sense):** The model described is recognised as a social initiative cooperative in various legislations (Aragón, Madrid, La Rioja and Castilla-La Mancha), although it is not the only one used. In Galicia it is known as the Social Services Cooperative and in Andalusia as the Social Interest Cooperative. It is specifically listed in the following articles: Galicia Coop. Law, 1998 (Article 126); Aragon Law, 1998 (Article 77); Madrid Law, 1999 (Article 107); Andalusian Law, 2011 (Article 94); La Rioja Law, 2001 (Article 112); Law of Castilla-La Mancha, 2010 (Article 149); Murcia Law, 2006 (Article 130-131); and Asturian Law, 2010 (Article 184).
- **Social Initiative Cooperatives (in a broader sense):** The State Cooperatives Law of 1999 defines these as 'cooperatives that, being non-profit and independent, have a social purpose, the provision of welfare services, conducting health activities, educational, cultural, social or other nature, or the development of any economic activity that is intended to employ people suffering any kind of social exclusion and, in general, the satisfaction of social needs that are not satisfied by the market' (art. 106). This broad concept of Social Initiative Cooperatives has subsequently been adopted by several cooperative laws in Spain, including the Basque Country, Castilla y Leon, Catalonia, Baleares, Murcia and Navarra. Specifically, the State Law of 1999 (Article 106); Basque Decree 61/2000, which regulates social initiative cooperatives (Article 1); Castilla y León Law, 2002 (Article 124), Catalan Law of 2002 (Article 128); Balearic Law, 2003 (Article 138); Murcia Law, 2006 (Article 130-131); and Navarra Law, 2006 (Article 78).

Special Employment Centres for Social Initiative (Centros Especiales de Empleo, CEE)

National level

- Legislative RD 1/2013, revised text of the General Law on the rights of people with disabilities and their social inclusion
- General Law on the rights of people with disabilities and their social inclusion (Legislative Decree 1/2013, of 29 November, which approves the revised text of the General Law of rights of people with disabilities and their social inclusion), articles 43 et seq..

Regional level

Valencian Community:

Law 11/2003 of 10 April; the status of people with disabilities in the Valencian Community

Employment Integration Enterprises (Empresas de Inserción, EI)

National level

- Spanish Law (Law 44/2007, of 13 December, for establishing the basic conditions of integration enterprises. BOE. 299).

Regional level

Andalucía: - Decreto 193/2010, de 20 de abril, por el que se regula la calificación y se crea el Registro de Empresas de Inserción en Andalucía

Aragón: - Decreto 37/2006, de 7 de febrero, del Gobierno de Aragón, por el que se regulan las Empresas de Inserción Laboral y se aprueba el Programa ARINSER de ayudas económicas para la integración socio-laboral de colectivos en situación o riesgo de exclusión

Baleares: - Decreto Balear 60/2003, de 13 de junio, por el que se regula la calificación de las Iniciativas Empresariales de Inserción y se crea el Registro de Iniciativas Empresariales de Inserción de las Illes Balears

Canarias: - Ley 1/2007, de 17 de enero. Prestación Canaria de Inserción

- Decreto 137/2009, de 20 de octubre, por el que se regula la calificación de empresas de inserción, el procedimiento de acceso a las mismas y el Registro de Empresas de Inserción de Canarias

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Cataluña: - Ley 27/2002, de 20 de diciembre, de Medidas Legislativas para Regular las Empresas de Inserción Socio-laboral en Cataluña

Castilla La Mancha: - Decreto 22/2010, de 20/04/2010, por el que se dictan normas de desarrollo para la calificación de empresas de inserción y se crea el registro administrativo de estas empresas

- Ley 5/1995, de 23 de marzo, sobre inserción laboral y empresas de inserción

Castilla Y León: - Decreto 34/2007, de 12 de abril, por el que se regula el procedimiento de calificación de las empresas de inserción laboral y se crea su registro administrativo

La Rioja: - Ley 7/2003, de 26 de marzo, de inserción sociolaboral

- Decreto 2/2006, de 13 de enero, por el que se crea el Registro de Empresas de Inserción Sociolaboral de La Rioja, y se regulan los requisitos para la calificación e inscripción en dicho Registro

Madrid: - Decreto 32/2003, de 13 de marzo, por el que se regula la colaboración de las empresas de promoción e inserción laboral de las personas en situación de exclusión social con la Comunidad de Madrid y se establecen las medidas de fomento de su actividad

Navarra: - Decreto Foral 130/1999 de 26 Abril, por el que se regulan las ayudas económicas para el desarrollo de los programas de incorporación socio-laboral destinados a personas en situación de exclusión social

País Vasco: - Decreto 182/2008, de 11 de noviembre, por el que se regula la calificación de empresas de inserción, se establece el procedimiento de acceso a las mismas y su registro de Euskadi

- Decreto 305/2000 de 26 de Diciembre, por el que se regula la calificación de las Empresas de Inserción

Comunidad Valenciana: - Ley 1/2007, de 5 de febrero, por la que se regulan las empresas de inserción para fomentar la inclusión social en al Comunitat Valenciana

- Orden de 29 de diciembre de 1995, que regula los talleres de inserción socio-laboral

Associations and Foundations with economic activity

- Associations, which are regulated by the Associations Law 1/2002, the Royal Decree 1497/2003 for the regulation of the National Register of Associations, the Royal Decree 1740/2003 for procedures needed to qualify an association of public utility or Law 49/2002 for the taxation of non-profit entities.
- Foundations, regulated at state level by Law 50/2002 of 26 December. Regional governments also have legislation on Foundations. For example, in the case of Valencia, Law 8/1998 of 9 December for Foundations of Valencia, renewed in 2008, includes the exclusive competence of the Generalitat of Valencia (Valencian government) concerning foundations for teaching, as well as cultural, artistic and charitable organisations, which primarily perform their functions in this area of Spain.
- Law 49/2002 tax incentives

6.6. Comparative overview of the legislative framework for Social Integration Enterprises, Social Initiative Cooperatives and Special Employment Centres

Legal form	Social Integration Enterprise (EI)	Social Initiative Cooperative (CIS)	Special Employment Centre (CEE)
Definition	<p>An EI is a cooperative or company that performs economic activity to integrate people at risk of social exclusion, through their work, as a transition to regular employment.</p> <p>A cooperative or corporation that has this purpose may be classified as an EI if described as such by the Public Administration and registered on the Register of EIs.</p> <p>Most EIs are based on limited liability companies (SRLs). This description focuses on this underlying legal form.</p>	<p>A CIS is a non-profit cooperative with the following aims:</p> <ul style="list-style-type: none"> - Provision of social services (health, education, culture). - Developing economic activity that is intended to employ socially excluded people. - Meeting social needs not met by the market. <p>The CIS may be composed exclusively of workers, for consumers, users, professionals or entrepreneurs, or can integrate various types of membership in the cooperative. The bylaws can state that the shareholders are simply workers. These are called work members '<i>socios de trabajo</i>'. It is also possible to create comprehensive cooperatives '<i>cooperativas integrales</i>', which meet the aims of different types of cooperative and can have a range of types of members. Public entities and organisations may participate as members in the CIS.</p>	<p>A CEE is a workplace that is designed to ensure gainful employment and provide services to disabled workers. Any public or private entity, non-profit or for profit, can create these centres. Only a non-profit CEE may receive public aid.</p> <p>This description focuses on a CEE social enterprise formed by an association. The association is defined in the Act as a non-profit entity. Associations are established through the agreement of three or more people who pool knowledge, resources and activities to achieve common non-profit goals and general or specific interest. Associations that promote general interest purposes such as assistance and social inclusion of the disabled or excluded may be declared, if they meet the requirements of the Act, as public utility associations, allowing them to be beneficiaries of certain aid.</p>
Key national legislation governing legal form	State law and various regional laws govern EIs.	Cooperatives are regulated by the State and the Autonomous Communities (CCAA). There is a state law and 15 regional laws.	Special employment centres are regulated by Royal Legislative Decree 1/2013 on the Rights of Persons with Disabilities and its social inclusion (arts. 43 to 45):

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	<p>State law: Law 44/2007, of 13 December (LEI).</p> <p>If the EI is a cooperative, it is also governed by the state Law on Cooperatives 27/1999, or the law of the Autonomous Community concerned.</p> <p>If it is a capital company (corporation or limited liability company, it is also governed by the Companies Act (Royal Legislative Decree 1/2010, of 2 July or LSC).</p>	<p>State law: Law 27/1999, of 16 July (LC).</p> <p>Article 106 regulates social initiative cooperatives. The cooperative tax regime is regulated by law 20/1999.</p> <p>The Spanish Constitution (1978) provides in Article 2 that the public authorities shall promote, through appropriate legislation, cooperative societies.</p>	<p>Royal Decree 2273/1985;</p> <p>Royal Decree 1368/1985 on the special employment of disabled workers;</p> <p>Royal Decree 469/2006 on professional support to disabled workers;</p> <p>Royal Decree 870/2007 for the Promotion of Employment of Disabled Persons; and Order of 10 April 1986 creating the Employment Centres Registry.</p> <p>Associations are regulated by:</p> <p>the Associations Law 1/2002 (LA); Royal Decree 1497/2003 on the Regulation of the National Register of Associations;</p> <p>Royal Decree 1740/2003 on the Procedure to qualify an association of public utility; and Law 49/2002 on Taxation of non-profit entities.</p> <p>The Spanish Constitution (1978) recognises the legal form in Article 22 on the Freedom of Association, and in Article 49.1, which orders the public powers to make a policy of preventive, treatment, rehabilitation and integration of disabled people.</p>
Whether or not the legal form is used exclusively for social enterprise	Exclusively for social enterprises	Exclusively for social enterprises	Exclusively for social enterprises
Methods of creation company)	To establish an SRL-based (limited liability) EI: a contract or act of incorporation of the SRL needs to be held in the presence of a	First the contract or act of incorporation of the cooperative needs to be signed in the presence of a Notary Public. Once the	Associations are established by agreement of their members. This agreement of incorporation of the association must be in

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	<p>Notary Public; once the agreement is formalised in a public deed it must be registered in the Commercial Register to obtain legal personality. The registration is publicly announced in the Official Bulletin of the Commercial Registry.</p>	<p>agreement is formalised in a public deed it must be registered in the Cooperatives Registry to obtain legal force.</p>	<p>writing.</p> <p>The creation of a special employment centre requires qualification and registration in the Register of the Autonomous Community Centres where the centre is located.</p>
	<p>Once incorporated and registered in the commercial register, the SRL may apply for qualification as an EI, if it meets the requirements under Article 5 LEI.</p> <p>To form an EI-SRL, the following documents must be submitted: application for registration; deed of Incorporation of the SRL; and Articles of Association. To qualify as an EI, the following documents must be submitted to the competent administrative authority of the Autonomous Community: request for qualification; Articles of incorporation of the SRL and Bylaws; evidence of economic viability, technical and financial business plan; proof of the number of people to be included.</p> <p>The EI is registered with the appropriate registry in accordance with its legal form (Registrar of Cooperatives or Commercial Register). Once classified as an EI by the administrative authority, the EI is also included in the Register of EIs in its corresponding Autonomous Community.</p>	<p>Once incorporated and registered in the Register, the cooperative may apply for qualification as a cooperative social initiative if it meets the specified requirements.</p> <p>Some cooperatives, because of their activity (financial or business) may be required to register in other registers, such as the Registry of Commerce, or obtain approval for their establishment, for example as a credit union or insurance provider.</p>	<p>For the constitution of an association the following documents are required:</p> <ul style="list-style-type: none"> - Public or private document which formalises the agreement establishing the association. - Bylaws. <p>For the registration of the association in the Register of Associations the following documents must be submitted:</p> <ul style="list-style-type: none"> - Application for Registration. - Act of agreement of association. - Bylaws. <p>To request classification as a public utility association:</p> <ul style="list-style-type: none"> - Application for a declaration of public utility. - Report of activities undertaken in the last two years. - Annual accounts for the last two years. - Certification from the Tax Administration and Social Security, proving that the

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			<p>association has paid its tax and social security obligations.</p> <ul style="list-style-type: none"> - Certification of the agreement adopted to apply for the qualification of public utility. <p>To apply for qualification and registration as a Special Employment Centre:</p> <ul style="list-style-type: none"> - Accreditation of legal personality. - An economic study proving the viability and likelihood of survival of the CEE to carry out its purposes. - Express the commitment to integrate the workforce up to 70 % for the least disabled. - List of expected professional staff who will provide the services required by disabled workers.
Required capital or assets	<p>To form an SRL requires a minimum capital of EUR 3 000.</p> <p>To qualify for EI status, there are no specific requirements regarding the amount of capital. However, it is required that 51 % of the capital is held by non-profit organisations.</p>	<p>Cooperative state law does not provide for a minimum capital requirement.</p> <p>However, most of the cooperative laws of the Autonomous Communities require a minimum capital. This is usually EUR 3 000, which is the same required for the formation of a limited liability company.</p>	Not applicable to legal form.
Management and corporate governance	The Companies Act sets out several ways of organising the management in an SRL; the appointment and removal of the administrator; capacity, remuneration and compensation; the duties of directors and responsibilities; and the board of directors	Cooperative legislation regulates the Board of Directors, its nature, competition and representation, powers, choice, duration, termination, operation, agreements, remuneration, ability to be a director, conflict of interest and accountability.	The bylaws of the association must establish criteria to ensure the democratic functioning of the association and the governing and representative bodies, their composition, rules and procedure for the election and replacement of their members, powers, terms of office, causes

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<p>as the main board.</p> <p>All SRLs must have a board. The statutes of the SRL can set different ways of organising its administration - the General Meeting may choose any system including a sole director, two directors of solidarity or joint operation, or a board of directors consisting of three or more directors. The administration is subject to the control of the General Meeting of members, who can remove the directors.</p> <p>Acting as the director of a SRL is unpaid unless the bylaws provide otherwise. If compensation is not based on participation in profits, the remuneration of the directors shall be determined each year by the General Meeting.</p> <p>The directors are elected by the General Meeting. A director's term of office is indefinite unless the statutes provide for a specified period.</p>	<p>It also regulates the 'auditors' intervention or control body and the Appeal Committee.</p> <p>Every cooperative must have a board of directors 'consejo rector'. If the cooperative has less than 10 members it may have in place a sole administrator to assume these responsibilities.</p> <p>The board of directors is subject to internal auditors or 'interventores'.</p> <p>The board of directors is subject to the general meeting of members, which can remove the directors.</p> <p>The bylaws of the cooperative determine the number of directors and the duration of their time in office. The number of directors may not be less than 3, and there must be at least a President and a Secretary</p>	<p>for termination, etc.</p> <p>The General Assembly is the supreme governing body of the association, which is composed of members who adopt resolutions by a majority and must meet at least once a year. There must be a representative body to manage and represent the interests of the association. Only members may be part of the representative body.</p> <p>The board (representative body):</p> <ul style="list-style-type: none"> - Manages and represents the interests of the association. - Has a jurisdiction generally extending to all acts to further the purpose of the association. - Members become liquidators at the time of dissolution of the association, unless the statutes or the Assembly state otherwise. In these cases, the Act lists the functions to be appointed as liquidators.
<p>Administrators can be natural or legal persons. Unless the bylaws provide otherwise, there is no requirement to be a member to be an administrator. Administrators can resign and may be removed by the General Meeting at any time.</p> <p>The duties of the directors include:</p> <ul style="list-style-type: none"> - Carrying out their duties with the 	<p>As a general rule, directors must be members of the cooperative. However, if the bylaws so provide, up to one-third of the directors may be elected between skilled non-members. The bylaws may provide that non-members directors receive remuneration, and it should establish the system and criteria to be followed by the general assembly to fix such remuneration. The directors will be compensated for the expenses incurred for</p>	

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	<p>diligence of a prudent businessman.</p> <ul style="list-style-type: none"> - Informing the Board of Directors of conflict of interest situations. - not competing with the organisation. - maintaining confidentiality. 	<p>their time in office.</p> <p>If the cooperative is a CIS, it must meet the inherent requirements of nonprofit cooperatives. One of these requirements is that the acting as a director is an unpaid position, although expenses incurred in the performance of their duties may be claimed.</p> <p>Directors are elected by the General Assembly by secret ballot. However, if the cooperative has over fifty permanent workers, one of them, chosen by the works council of the cooperative will be part of the governing council.</p> <p>There is a conflict of interest when the cooperative is obliged to any director, intervener or one of his relatives to some degree. In these cases, the law requires that the General Assembly authorise by resolution that relationship and not participate in the vote interested member. The acts and contracts are voidable without such authorisation.</p>	
Rights of members	Legal form has members.	Legal form has members.	Legal form has members.
	<p>The key rights of members of the SRL include:</p> <ul style="list-style-type: none"> a) Right to attend and vote at the general meeting. 	<p>The main rights of members of cooperatives include:</p> <ul style="list-style-type: none"> a) Right to attend and participate in the discussions, make proposals and vote. 	<p>The members' rights include the right of free association, the freedom to form an association, to associate, to continue in it and the right not to declare their affiliation to an association. The bylaws must establish the requirements and procedures</p>

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	<p>b) Right to contest corporate resolutions. c) Right to information.</p> <p>The right to information includes the right to request information or clarification on the matters on the agenda during the meeting or before.</p>	<p>b) Right to challenge social agreements c) Right to receive the information necessary to exercise their rights and fulfil their obligations.</p>	<p>for admission and removal of members and potential penalties, and also indicate the rights and obligations of members.</p> <p>Only members can be part of the representative body.</p> <p>Members representing at least 10 % of the body to request the convening of an Extraordinary General Assembly. Members must be involved in the activities of the association and the governing and representative bodies; attend and vote at the General Assembly; be informed of the composition and accounts of the association and its activities; be heard and have access to the grounds for the action prior to disciplinary measures being taken against the member; challenge resolutions of the representative bodies that infringe the law or bylaws; partners can voluntarily separate from the association at any time.</p>
<p>Voting and representation of members in general meetings</p>	<p>Members vote on resolutions at the General Meeting.</p> <p>The member may be represented at the General Meeting by a consort, ancestor or descendant family, partner or other person who holds a general power of representation via a public document. The power must be in writing and specific to each meeting.</p>	<p>Cooperative decisions are taken by members at a general meeting and under the general principle of one member, one vote.</p> <p>The member may be represented by an authorised representative at meetings of the General Assembly.</p>	<p>The General Assembly is the supreme governing body of the association, which is composed of members who adopt resolutions by majority and must meet at least once a year.</p>

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Types of shares, if any	Legal form has shares.	Legal form has shares.	Legal form does not have shares.
	<p>The member has a share (as 'participación') in the capital of the SRL. Each share confers on its holder the status of shareholder and the rights recognised in the law and in the statutes. But the shares are not securities and they cannot easily be transmitted.</p> <p>In the limited liability company, unless the bylaws provide otherwise, each share gives the holder the right to cast a vote.</p>	<p>The member has a share (as 'participación') in the capital of the cooperative. The right to vote is linked to the status of member, not to the ownership or possession of parts of capital.</p> <p>Members who do not participate in the cooperative activity, but only contribute capital (collaborative member) may or may not vote, according to the statutes. Members who do participate in the activity usually have one vote, regardless of the capital. When plural voting is allowed, it is not in proportion to the capital paid.</p>	<p>An association is a not-for-profit legal form – the benefits of economic activities and any reserves must be used exclusively for carrying out its purposes.</p>
Distribution of dividends on share capital	<p>In an SRL, unless otherwise provided in the bylaws, the distribution of dividends to the shareholders is in proportion to their participation in the share capital.</p>	<p>The concept of 'dividend' (dividendo) is not used in connection with the cooperative, but 'interest' (interés) is, because remunerated capital is an expense for the cooperative and not the destination of the benefits.</p> <p>Interest must be provided for in the statutes and the organisation must have positive results for the year or, as required by some laws of the Autonomous Communities, there must be reserves for these purposes. As a general rule in the cooperative, interest cannot exceed 6 points above the legal interest rate.</p>	<p>Not applicable to legal form.</p> <p>An association is a not-for-profit legal form – the benefits of economic activities and any reserves must be used exclusively to carry out its purposes.</p>
Distribution of reserves	<p>The Law of Social Integration Enterprises requires that 80 % of the profits available for the year are allocated to the</p>	<p>The Mandatory Reserve Fund is used for the consolidation, development and</p>	<p>Not applicable to legal form.</p>

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	<p>improvement or expansion of productive structures and integration.</p> <p>To maintain EI status, the majority of share capital must be held by non-profit organisations and capital transfers should respect these limits otherwise the EI will be disqualified.</p>	<p>guarantee of the cooperative.</p>	
<p>Allocation of the surplus particularly to compulsory legal reserve funds</p>	<p>Legal form is required to allocate surpluses to compulsory legal reserve funds.</p> <p>10 % of annual proceeds should be allocated to the legal reserve until it reaches at least 20 % of the capital.</p>	<p>The surplus should be allocated at least 20 % to the Mandatory Reserve Fund and 5 % to the Cooperative Promotion Fund.</p> <p>The benefits should be allocated at least 50 % Mandatory Reserve Fund. In other cooperative laws should be allocated 100 % of the profits to this fund.</p>	<p>Compulsory legal reserves not applicable to legal form.</p>
<p>Distinction dividends/refunds and distribution of refunds</p>	<p>No distinction between distribution of dividends and refunds.</p>	<p>There is a difference between surpluses ('excedentes'), which are the result of the activity with partners, and benefits ('beneficios'), which are results of other activities.</p> <p>Regarding the surplus: members allocate surpluses to any or all of the following purposes: developing their co-operative, possibly by setting up reserves, at least part of which would be indivisible; benefiting members in proportion to their transactions with the co-operative ('retornos'); and supporting other activities approved by the membership.</p> <p>However, the benefits cannot be distributed to members.</p>	<p>Not applicable to legal form.</p>

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		<p>To be a non-profit cooperative, the cooperative social initiative may not distribute any positive results between partners, nor can it remunerate workers (whether members or not) by more than 150 % of the remuneration designated by collective agreement.</p> <p>Surpluses are distributed only among those who have participated in cooperative activity, and are distributed in the same proportion that each person contributed to these results.</p> <p>Interest is paid to capital providers and in proportion to their contribution. The amount is limited by law.</p>	
Restrictions on ability to trade	<p>An EI can perform any economic activity whose purpose is integration and socio-professional training for socially excluded people as a transition to regular employment. The EI cannot perform economic activities other than those of its objectives.</p> <p>A limited liability company may establish subsidiaries and parallel societies.</p>	<p>Cooperative activity must meet the needs and interests of the members. Moreover, the law prohibits the exercise of various activities by entities that are not corporations, such as: pharmacies, power distribution, travel agencies etc.</p> <p>The cooperative can carry out with third parties the same activities it does with its members. This cannot exceed certain limits of the law, in order to ensure that cooperatives operate primarily using members.</p>	<p>Associations can perform all activities necessary to achieve their purposes, without limitation, provided that such activity is not profit making.</p> <p>Public utility associations (established to promote the general interest) are limited in their activities. The law states what purposes are considered of general interest and further requires that the association's activities are not restricted exclusively to benefit its members, but open to any other potential beneficiary, subject to conditions, in order to achieve the purposes of the association.</p>

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		<p>Cooperatives can form partnerships and can be grouped with other entities, whether cooperatives or not, for better achievement of its objectives.</p>	<p>If the association is a centre of employment, economic activity must also be aimed at achieving gainful employment and the provision of social services for disabled workers.</p> <p>Entities may establish cooperations with other non-profit organisations for the better performance of their social goals, through coordination agreements for the use of common names, share policies, resources, volunteering etc. These groups would not be forced to consolidate their accounts.</p>
<p>Internal financing (e.g. investment title, member investors, increase in members' contributions)</p>	<p>The law requires that the majority of the EI's capital must be held by certain non-profit organisations.</p> <p>An EI can seek membership fees from its members. It can also seek donations or loans from its members and can issue bonds to its members.</p>	<p>In a cooperative, members can subscribe to shares (at the time of the incorporation or during the life of the company, when required or permitted by the cooperative).</p> <p>The members of the cooperative can also invest in the company in other various ways, e.g. by giving loans to the company or by payment of supplementary contributions.</p>	<p>The statutes may provide for the payment of associated fees, levies and other contributions made.</p> <p>The association may have economic resources derived from profitability, their assets, their economic activities or donations.</p> <p>Special employment centres may be financed by contributions from the owners of the centres and the benefits generated by the centre's activity.</p> <p>They can also seek donations or loans from their members and can issue bonds to their members.</p>

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<p>External financing (e.g. banking loans, issuing bonds, specific investment funds) including possibility of non-member investors</p>	<p>An EI can only make limited distributions of profit. Furthermore, there are restrictions on the type of entity that may invest in an EI because the law requires that the majority of the EI's capital must be held by certain non-profit organisations.</p> <p>Normally a company which invests in an EI is clearly committed to/shares its social goals.</p> <p>An EI can also obtain loans from banks or other financiers and can issue bonds. It can also seek grants and donations.</p>	<p>The cooperative may appeal to investors who provide capital. These are called collaborators ('colaboradores').</p> <p>Their remuneration may consist of interest, but in some Autonomous Community laws, the portion of the results devoted to remunerating collaborators may not exceed 45 %. These shares in the capital may also provide limited voting rights and they can be transferred. These members may not have the control over the cooperative.</p> <p>The cooperative can also obtain public financing, primarily through bonds and equity securities.</p>	<p>Third parties may contribute to special employment centres.</p>
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<p>Transparency and publicity requirements (and related auditing issues)</p>	<p>Limited liability companies must file accounts with the Commercial Register. Anyone can apply for a copy of the accounts filed with the Commercial Register.</p> <p>EIs must submit the following documents annually to the Administrative Registry of Integration Enterprises: the annual accounts for the last year, the management report, the social balance sheet etc.</p> <p>Limited liability companies are required to audit their accounts and management reports. They should also audit their accounts when provided in bylaws or agreed by the General Assembly.</p> <p>There is no obligation to audit the accounts when the company meets two of the following requirements: that the total assets do not exceed EUR 2 850 000; that net turnover does not exceed EUR 5 700 000 or that the average number of employees during the period does not exceed 50.</p> <p>The annual accounts will be reviewed by external auditors in the cases provided for in the Law on Audit. This law subjects to audit all companies that meet certain conditions relating to their assets, income or number of employees, or which are in receipt of public aid.</p>	<p>Cooperatives and social initiative cooperatives must file their accounts with the Register of Cooperatives (and in some cases with the Commercial Register).</p> <p>If the cooperative receives aid from the Public Administration it may be required to make its accounts public and issue reports to the Administration on activities undertaken, budget, expenses etc.</p> <p>Cooperatives are required to audit their accounts and the management report when provided in the bylaws or agreed by the General Assembly. If the cooperative is not required to audit its accounts, 5 % of the members may request the Registrar of Cooperatives to appoint an auditor to audit the accounts. The cost of the audit is paid by the cooperative.</p> <p>There is no obligation to audit the accounts when the cooperative meets two of the following requirements: that the total assets do not exceed EUR 2 850 000; that net turnover does not exceed EUR 5 700 000 or that the average number of employees during the period does not exceed 50.</p>	<p>As a legal person subject to corporation tax, an association may be required to prepare accounts and file these with the Commercial Register. However, the law does not clearly specify this obligation or its scope.</p> <p>Public utility associations are clearly required by law to prepare annual accounts for submission to the General Assembly for approval and to file them with the Register of Associations.</p> <p>The annual accounts will be reviewed by external auditors unless it meets two of the following requirements: that the total assets do not exceed EUR 2 850 000; that net turnover does not exceed EUR 5 700 000 or that the average number of employees during the period does not exceed 50.</p> <p>Public utility associations must also submit annually to the Register of Associations a report describing the activities undertaken and additional reports as may be required.</p>
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<p>Employee involvement systems</p>	<p>Neither the managers nor workers in an SRL have voting rights, either directly or indirectly in any corporate body.</p>	<p>If the cooperative is a workers' cooperative, workers, as members, participate in decision making.</p> <p>If not a workers' cooperative, the statutes can allow workers to acquire the status of members (work members) allowing them to participate in decision-making and benefit sharing.</p> <p>In addition, when the cooperative has more than 50 employees, non-member workers are entitled to have a representative on the board of directors.</p> <p>If workers are members of a cooperative, they may receive part of the distributable surplus.</p>	<p>The law does not provide for employees to receive a proportion of the legal form's profits, unless the special employment centre is a cooperative.</p>
<p>Distribution of the proceeds of dissolution, liquidation, disinvestment (in particular provision of asset lock)</p>	<p>The limited liability company is dissolved by the cessation of its activity for more than a year; for the realisation of its purpose or the impossibility of its realisation; inactivity of the corporate bodies; losses that reduce the assets to less than half of the share capital; by reduction of the capital below the legal minimum; where the non-voting shares exceed half of the share capital, or for other causes provided for in the bylaws.</p> <p>A meeting of creditors is the procedure that applies when a debtor, person or entity is insolvent.</p>	<p>The cooperative be can dissolved: a) by meeting the deadline for which was constituted; b) by resolution of the General Assembly adopted by a vote of a majority of two thirds of the members present; c) by cessation of social activity for two years; d) by reducing the number of members or capital below the minimum required; e) realisation of the corporate purpose or the impossibility of realisation; f) in case of merger or split; or g) for other causes provided for in the bylaws.</p>	<p>An association will dissolve on the grounds provided for in the bylaws and, failing that, by agreement of the members expressed in a General Assembly convened for the purpose. An association can also be dissolved by common causes provided for in the Civil Code: meeting the deadline; realisation of its purpose or the impossibility of its realisation; paralysis of the corporate bodies etc.</p>

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Distribution of the proceeds of dissolution, liquidation, disinvestment (in particular provision of asset lock)	<p>The Social Integration Enterprises Act does not provide for any rules regarding the distribution of surpluses on a winding up.</p> <p>Unless otherwise provided in the bylaws, the assets can be shared between all partners proportional to their share capital.</p>	<p>Once debts are satisfied, assets should be distributed as follows:</p> <p>(a) The resources of the Fund for the Promotion of Cooperatives will be available to the Federation of Cooperatives. (b) Returned in accordance with members' capital contributions. (c) Members are given their share of the distributable reserve funds at the rate provided in the bylaws or approved by the General Assembly: alternatively, distribution is made in proportion to their participation in cooperative activity over the previous five years. (d) The remaining assets are available to the cooperative or Federation of Cooperatives as specified in the bylaws or declared by the General Assembly. Failing this, they assets will have the same destination as the resources of the Fund for the Promotion of Cooperatives (FPC). The cooperative recipient should incorporate that amount into the compulsory reserve and it will be unavailable for 15 years.</p>	<p>Once debts are satisfied, the liquidators apply the surplus assets for the purposes specified in the bylaws.</p> <p>The assets are not distributed among the members but provided to another non-profit entity with a similar social purpose.</p>
Conversion to another form of company	<p>Structural Modifications Law of Corporations provides for the possibility of transofmrng a limited liability into another corporation or a cooperative.</p>	<p>Cooperatives may become commercial or civil companies of any type without affecting their legal personality</p>	<p>Only the legislation on cooperatives provides for the possibility of transforming associations into cooperatives, if they meet the requirements of the legislation, and the members can assume the status of cooperators. However, such transformations are not covered in the legislation on associations or in legislation on structural modifications, and would make them difficult to implement.</p>

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