



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

Country Report: Spain

European Commission

This report provides a non-exhaustive overview of the social enterprise landscape in Spain based on available information as of August 2014. Although a range of stakeholders were interviewed to verify, update and supplement the information collected from secondary sources, it was not possible to consult all relevant stakeholders within the constraints of the study.

The information and views set out in this publication are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person acting on the Commission's behalf may be held responsible for the use which may be made of the information contained therein.

The rights relating to this study and those pertaining to its duplication and publication will remain the property of the European Commission. Any document based, in full or in part, on the work completed under this contract, may only be transmitted or published with European Commission's permission.

A report submitted by ICF Consulting Services



Date: 31 October 2014

Charu Wilkinson
Lead Managing Consultant
+44 (0)782 794 6021
charu.wilkinson@ghkint.com

ICF Consulting Services
Limited Watling House
33 Cannon Street
London
EC4M 5SB
T +44 (0)20 3096 4800
F +44 (0)20 3368 6960
www.icfi.com

Document Control

Document Title	A map of Social Enterprises and their ecosystems in Europe. Country Report for Spain
Prepared by	Josefina Capdevila, Natalia Alvarez (ICF), Rafael Chaves (country expert) and : Isabel-Gemma Fajardo Gracia (legal expert)
Checked by	Charu Wilkinson

Contents

Headline summary	i
1 Definitions and concepts of social enterprise in Spain	1
1.1 Origins and development	1
1.2 Current concepts and ideas of social enterprise	3
2 The ecosystem for social enterprise in Spain	5
2.1 The policy and legal framework for social enterprise	5
2.2 Public support schemes targeting social enterprises	5
2.3 Other specialist support and infrastructure available to social enterprises	8
2.4 Networks and mutual support mechanisms	9
2.5 Marks, labels and certification schemes	10
2.6 Social investment markets	10
2.7 Overview of the key actors in the social enterprise ecosystem	13
3 Mapping of social enterprise in Spain	16
3.1 The spectrum of social enterprises in Spain	16
3.2 Application of operational definition: determining the boundaries	18
3.3 Measurement of social enterprises	21
3.4 Characteristics of social enterprises	22
3.5 Summary of mapping results	26
3.6 Opportunities and barriers	29
3.7 Concluding remarks	29
Annex 1 Comparative overview of the legislative framework for Social Integration Enterprise, Social Cooperative Initiative and Special Employment Centre	31
Annex 2 List of Information Sources	44

Headline summary

Definition and concepts

In Spain, there is no formal definition of what constitutes a 'social enterprise' and the usage of the concepts of 'social enterprises' and 'social entrepreneurship' in public discourse, policy and in general in the society is rather rare. Instead, the concept of 'social economy' prevails in public discourse, academic field and policy, in particular since 2011 when the Law 5/2011 on social economy was enacted.

Public support and initiatives

Both, at national and regional level, public support mainly initiatives focus on social economy and not on social enterprises specifically.

There is an institutional framework geared towards social economy. More specifically, the central government consists of a specific Directorate General (DG) devoted to social economy within the Ministry of Labour and Social Security. In addition, at the regional level, all Autonomous Communities have departments dealing with social economy and entrepreneurial issues.

In general, public support initiatives can be grouped into four main categories: (i) tax breaks, reduced social security contributions and similar measures, (ii) budget support, (iii) technical assistance, (iv) employment policy.

Networks and mutual support mechanisms

The concepts of social enterprise and social entrepreneurship are quite unknown in Spain in comparison with other European countries and the type and density of existing network/ support mechanisms reflect it. There is one umbrella organisation integrating 28 organizations developing various economic activities in the field of social economy and some international network (i.e. EMES) are also present in Spain.

Marks, labels and certifications systems

There are no formal identification schemes, marks or labels for social enterprises in Spain.

Social investment markets

Social investment is at an early stage of development in Spain. There appears to be relatively little debate and data on investment into social economy entities/social enterprises. At the same time, there seems to be the consensus that access to credit remains the key constraint to the development of social enterprises. The impact of the financial crisis has most likely contributed to the perceptible increase in interest in the social impact investment.

Spectrum of social enterprises

There are 3 institutionalised forms of social enterprise in Spain: Social initiative cooperatives under National law 27/1999 and regional laws, Sheltered Employment Centres (Law 13/1982) and WISE (Law 44/2007).

In addition, organisations that fulfil the EU operational criteria of social enterprise can be found among Worker-owned companies and some non-profit organisations with commercial activities.

Scale and characteristics

The available estimate of social economy produced by CEPES suggests that there were 44,500 of social enterprises as of 2013. However, estimation where EU operational criteria were applied based on the CEPES statistics suggest much lower number of around 8,000 (excluding social initiative cooperatives).

Factors constraining the start-up and development of social enterprise

Key factors constraining the start-up and development of social enterprises in the Spanish context relate in particular to:

- The lack of adequate support from the Spanish Government;
- Limited awareness among public institutions about the concept of social enterprise;
- Lack of developed practice of social public procurement – i.e. inclusion of relevant non-monetary selection criteria in public procurement;
- Difficulties in access to finance.

1 Definitions and concepts of social enterprise in Spain

In Spain, there is no formal definition of what constitutes a 'social enterprise' and there is a lack in the use of the concepts of 'social enterprises' and 'social entrepreneurship' in public discourse, policy and in general in the society. Instead the concept of 'social economy' prevails in public discourse, academic field and policy, especially since 2011 when the Law 5/2011 on social economy was enacted.

Spain has a relatively long tradition of social economy, dating back to the nineteenth century with more recent developments in the last few decades. The current economic crisis and ensuing fiscal austerity has limited room for public policies to support the sector. However, high unemployment and cuts in welfare state provision have seemed to act as an impulse for emerging forms of social entrepreneurship, where entrepreneurs engage on an economic activity, but with a clear social aim and within a participatory decision-making process. At the same time, there has been a transition from traditional sources of funding of associations and foundations (public funding and donations) to new sources of funding (e.g. *crowdfunding*) and an engagement in economic activity to achieve their social aims and make them sustainable in time. Some are already referring to the fourth sector when talking about social enterprises and social innovation in the country¹. All these social enterprise projects are independent of the public sector. They represent a movement of new civic attitudes towards co-responsibility and the resolution of common problems².

1.1 Origins and development

Spain has a long tradition of social economy: co-operatives, voluntary bodies, foundations as well as other not-for-profit organizations have taken part in income-generating activities for social rather than commercial purposes for years. For example, the so-called "*sociedades de socorro mutuo*" (literally, "mutual relief societies", which largely correspond to the modern concept of "mutual organisations") first emerged in the nineteenth century as a precursor to a social security system. These societies aimed to respond collectively to individual needs or risks, for example providing health insurance or tackling unemployment.

The industrial crisis of the 1970s (which coincided with the political process of transition to democracy) resulted in high levels of unemployment and public spending cuts. Subsequently, civil society organisations, including social enterprises, emerged to respond to unmet demands for social services. Specifically, unemployed workers or employees at risk of losing their jobs, formed mutual-help organisations using two different legal forms: workers cooperatives and worker owned companies ("*sociedades laborales*"). In practice, the latter legal form was more commonly used by workers because if a cooperative was closed down, its workers were not entitled to unemployment benefit. This however, changed in 1986 when the law on cooperatives changed and that same year, worker owned companies gained official recognition through the passage of the first law on worker owned companies.

This period also saw the emergence of work integration social enterprises (WISE) of two types: those targeting persons with disabilities (sheltered workshops) and those targeting socially excluded groups. WISE were different from workers cooperatives and worker owned companies in that they were not a form of mutual self-help organisation, rather they aimed at integrating those systematically excluded from the labour market³.

During the 1990s, the term 'social economy' started to gain recognition from public institutions, as a result of the formation of the National Institute for the Promotion of social

¹ InnoBasque-Basque Agency of Innovation (2011) *Empresa social innovadora*. Available at: http://www.inaes.gob.mx/doctos/Diplomado/Doctos/Mod-II/Empresa_social_innovadora.pdf

² Social Innovation Europe: Social Innovation in Spain. Available at: <https://webgate.ec.europa.eu/socialinnovationeurope/social-innovation-spain>

³ 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

economy (Instituto Nacional de Fomento de la Economía Social (INFES). In 1992, the Ministry of Labour and Social Security published a White Paper on social economy in Spain, made by CIRIEC-Spain, a new think tank of social economy that includes social economy movement, academics and government managers focused on social economy, and from 1993 onwards, it has been gathering and publishing statistics on worker-owned companies (sociedad laboral) and cooperatives.

Later on, Spain introduced the legal form of social initiative cooperatives (National Law 27/1999), following examples of some other Member States, such as Italy.⁴ The decade of the 2000s also saw a significant development in the recognition and regulation of non-for-profit entities and NGOs: a fiscal framework for these types of entities was laid down in 2002 by Law 49/2002 on the fiscal regime of non-for-profit entities and on fiscal incentives to patronage.⁵

There were further legislative initiatives aiming at giving an impetus to certain segments of the social economy, such as Law 39/2006 on the Promotion of Personal Autonomy and Attention to Persons in a Situation of Dependency⁶ and Law 44/2007 on the Regulation of Work Integration (social) enterprises (WISE). The Law on Social Economy (Law 5/2011)⁷ emerged with the aim of establishing a legal framework that supports and recognises social economy as a separate economic activity that requires substantive actions of public promotion and support⁸. This legal framework had already been developed in many other European countries, such as the UK, Italy or Belgium. Although contributing to the legal recognition and development of social economy, its scope is broader than if the focus was on social enterprises, as social economy includes social enterprises, but also traditional forms of social economy: cooperatives, mutuals, employee-owned enterprises, associations and foundations engaged in an economic activity, fishermen's associations or agricultural processing companies; which produce goods and services alongside the market (i.e. private corporations) and the State (i.e. public sector institutions), with a social aim and participative governance systems.

The following box describes the main aspects of the Law 5/2011 on social economy:

Box 1 Concept of social economy in Spain according to Law 5/2011

Social economy is the designation for the set of economic and entrepreneurial activities that are carried out in the private scope by those entities that pursue the collective interest of their members, whether the general economic or social interest or both, in accordance with the following principles:

- a) Primacy of the individual and of the social purpose over capital, which materializes in an autonomous and transparent, democratic and participative management, which leads to prioritizing the taking of decisions according to the individuals and their work contributions and services provided to the entity or according to the social purpose, over their contributions to the capital.
- b) Profits obtained from the economic activity shall be distributed mainly according to the work contributed or the service or activity performed by its partners or by its members and, if appropriate, according to the entity's social purpose.
- c) Promotion of solidarity internally and with society, promoting commitment with local

⁴ *Ibid*

⁵ Official Journal n. 307 of 24th December 2002, http://noticias.juridicas.com/base_datos/Fiscal/I49-2002.html

⁶ Official Journal n. 299 of 15th December 2006, http://noticias.juridicas.com/base_datos/Admin/I39-2006.html

⁷ Law 5/2011 on Social Economy, Official Journal n. 76, of 30th March 2011, http://noticias.juridicas.com/base_datos/Admin/I5-2011.html; an English version can be found at <http://www.eesc.europa.eu/resources/docs/the-spanish-law-on-social-economy.pdf>

⁸ Law 5/2011 on Social Economy, Official Journal n. 76, of 30th March 2011, http://noticias.juridicas.com/base_datos/Admin/I5-2011.html; an English version can be found at <http://www.eesc.europa.eu/resources/docs/the-spanish-law-on-social-economy.pdf>

development, equal opportunities between men and women, social cohesion, the insertion of persons with the risk of social exclusion, the generation of stable and quality jobs, the conciliation of private, family and work life and sustainability.

d) Independence with regard to the public authorities.

The type of entities that can be considered as being part of the social economy are “cooperatives, mutual societies, foundations and associations engaged in an economic activity, employee-owned enterprises, work integration enterprises, sheltered employment centres, fishermen’s associations, agricultural processing companies and unique entities created under specific rules that are governed by the principles set forth in the previous article are part of the social economy”. Furthermore, “any entities that carry out economic and entrepreneurial activities and whose operating rules respond to the principles set out in the previous article (...) may be part of the social economy”.

Source: Law 5/2011 on social economy, English version, available at <http://www.eesc.europa.eu/resources/docs/the-spanish-law-on-social-economy.pdf>

Therefore, in Spain, while the concept of social economy has been regulated, this is not the case for social enterprises, which although emerging in reality, especially since the start of the economic crisis, have not yet been legally regulated. Furthermore, the decentralised nature of the Spanish state builds a diverse mosaic of policies and social economy movements at regional level.

1.2 Current concepts and ideas of social enterprise

Regarding the concept of social enterprise, a study carried out in 2012 on the social economy in the EU shows that Spain is one of the EU countries with the widest recognition of the concept of social economy (Monzón and Chaves, 2012). In contrast, the notion of a social enterprise enjoys much less recognition in Spain. This may be because, without the possibility of constituting as social enterprises (there is no legal entity), only a few of the social enterprises or social entities see themselves as “social enterprises” or “social entrepreneurs”. Instead, the concepts of “Third Sector”, “Social Third Sector” or “Social and solidarity economy” actors are used. However, the concepts of social enterprise, social entrepreneurs and social innovation are increasing in importance. Media have already reported about this new reality and related-concepts⁹, talking about social entrepreneurs that aim to improve society while carrying out an economic activity.

As stated above, although a definition of social economy has been provided by the law, there is no official delimitation of the notion of social enterprise. At the academic level, one can distinguish three different perspectives that have been taken on social enterprise sector. These are presented below.

1.2.1 Narrow interpretation of social enterprises

This approach is used in the works of PERSE-EMES for Spain (Vidal and Claver, 2005¹⁰). This definition is limited to those enterprises aiming at education and labour market integration of particularly vulnerable persons. Vidal and Claver (2005) focus on WISE.

This narrow interpretation may be widened in order to include other types of enterprises:

- The **Sheltered Employment Centres**- created by Law 13/1982 of Social Integration of Disabled People.¹¹ Their objective is to integrate persons with disabilities in the labour

⁹ EIPais (2013) Social entrepreneurs with soul. Available at: http://sociedad.elpais.com/sociedad/2013/02/24/actualidad/1361743315_132277.html

¹⁰ Work Integration Social Enterprises in Spain, http://www.emes.net/uploads/media/PERSE_WP_04-05_SP.pdf

¹¹ Law 13/1982, published on the Official Journal of 30th April 1982, available at http://noticias.juridicas.com/base_datos/Admin/l13-1982.html

market. They need to have a percentage of, at least, 70 per cent of employees with a disability.

- **ONCE (Spanish National Organisation for Blind People)** - although formally a legal person governed by public law (corporación de derecho público), the Law on social economy includes it in its scope; the particular rules of legal and practical functioning applying to ONCE allow for the organisation to be considered as part of the social economy.
- **Social Initiative Cooperatives** - and other assimilated entities that have been incorporated to the Spanish national and regional legal framework, but not under the law on cooperatives. There are very few such cooperatives in Spain.

1.2.2 Wider perspective of social enterprises

This perspective follows the concept adopted by the European Commission in its Communication on “Social Business Initiative - Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation”¹². It is wide enough to include most of the entities belonging to the social economy in Spain. Therefore, if the wide perspective is adopted, most of the entities which fall within the scope of Law 5/2011 shall be included.

1.2.3 Yet wider perspective of Ciriec España¹³

This approach was introduced in their study “The social economy in the EU”;¹⁴ Ciriec understands social economy as the part of the private sector gathering those enterprises which are based on certain guiding principles and aims. The social economy as understood by Ciriec is sub-divided in two subgroups:

- **Market social economy**: set of private, formally-organised enterprises, with autonomy of decision and freedom of membership, created to meet their members’ needs through the market by producing goods and providing services, insurance and finance, where decision-making and any distribution of profits or surpluses among the members are not directly linked to the capital or fees contributed by each member, where each member has one vote, and where democratic and participative decision-making processes is implemented.
- **“Non Market” social economy**: which includes private, formally-organised organisations with autonomy of decision and freedom of membership that produce non-market services for households and whose surpluses, if any, cannot be appropriated by the economic agents that create, control or finance them¹⁵.

Some of the consulted stakeholders, representing the views of Confederations and groupings of social economy in Spain (CEPES and ASCES), fear that the use of two different terminologies (‘social enterprise’ at EU and International level and ‘social economy’ at Spanish level) could lead to a certain confusion and to a non-satisfactory interpretation and implementation of the 2011 Law on social economy. An idea shared by all interviewees is the need for social enterprises to move towards a greater visualisation and clearer articulation of this sector in order to represent better their values, interests and goals and have a stronger socio-economic impact. This would strengthen the sector, would produce economies of scale and synergies between entities. This need is accentuated by the decentralised territorial model of Spain.

¹²COM (2011) 682, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0682:FIN:ES:PDF>

¹³International Center for Research and Information on Public, Social and Cooperative Economy,

¹⁴http://www.ciriec.ulg.ac.be/fr/telechargements/RESEARCH_REPORTS/EESC_CIRIECInforme2012_ES.pdf

¹⁵This definition is based on the criteria established by the European Commission's Manual for drawing up the Satellite Accounts of Companies in the Social Economy and by Barea (1990 and 1991), Barea and Monzón (1995) and Chaves and Monzón (2000).

2 The ecosystem for social enterprise in Spain

2.1 The policy and legal framework for social enterprise

In view of lack of political and legal recognition of the social enterprise concept, this section focuses on the broader concept of social economy.

As explained in section 1, legislative efforts began in the late 1970s; notably, the promotion of cooperatives was already included in the 1978 Spanish Constitution. The notion of social economy developed further in the 1980s and later culminating with the adoption of the Law on Social Economy in 2011. The concept of social economy contained in this law largely corresponds to the idea of social enterprises put forward by the European Commission in its Communication (2011) 682; however, it is broader, as it includes entities, such as cooperatives and worker-owned companies, which do not always have a social objective as the reason for the commercial activity (they do not always aim *to have a social impact rather than make a profit for their owners or shareholders*). In 2011, a Sub-Commission on social economy was created within the Spanish Parliament, but it was subsequently dismantled.¹⁶

The concept of social economy is also present at institutional level: the central government counts on a specific Directorate General (DG) devoted to social economy within the Ministry of Labour and Social Security.¹⁷ This DG is in charge of promoting legislative and public plans of support for the social economy, as well as of designing the supporting schemes and programmes for enterprises pertaining to the social economy. It is also responsible for collecting and publishing statistics on worker-owned companies (*sociedad laboral*) and cooperatives.

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

Public policies towards social enterprises and Third Sector¹⁸ entities like WISE, sheltered employment centers and third sector entities (foundations and associations) can be classified as:

- Institutional measures including acknowledgement of the sector, juridical and financial measures;
- Financial measures seeking to develop, to professionalize and to reassure the social economy;
- Technical support and non-financial services or help: assessment, information, networking, education;

2.2 Public support schemes targeting social enterprises

At national and regional level, public support mainly focuses on social economy and not specifically on social enterprises, while EU funds are mainly used to support social entrepreneurship.

¹⁶ S. Barco Serrano: "Public policies in the social economy and the dialogue between public actors and social economy in Spain", *Universitas Forum*, Vol 3, No. 2, June 2012, <http://universitasforum.org/index.php/ojs/rt/printerFriendly/110/435>

¹⁷ DG for Freelance Work, Social Economy and Corporate Social Responsibility- <http://www.empleo.gob.es/es/organizacion/empleo/contenido/OM27.htm>

¹⁸ CIRIEC, http://www.ciriec.es/ES_UJ_C4.pdf

The public support schemes targeting social economy began to be implemented in the 1990s. Since 1998, the budget destined to financing these schemes has been largely transferred from the State to the Autonomous Communities (except for the Basque Country and Navarra that have their own fiscal regime).

At the state level, there are four packages of measures aimed to promote and support social economy enterprises:

- *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 type of fiscal benefits such as exemptions on certain taxes and accelerated depreciation¹⁹.
- *Budget support.* These mainly consist on grants and subsidies for incorporating certain type of workers to the companies, direct investment in material which contributes to the competitiveness of the companies and subsidised technical support and training.²⁰
- *Technical assistance.* Measures focused on granting 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* which integrates active and passive policies by giving workers the possibility to capitalise unemployment benefits in case the beneficiary decides to launch a cooperative.

These measures taken together can be considered to constitute a common social economy policy ensuring coordination and establishing the principle of equity among the different regions. The Basque Country and Navarra are not included in this common policy framework given that they carry their own fiscal policy.²¹

The above measures are complemented by a number of other policies adopted by the Autonomous Communities. This duality has led to differences in the level of budget support to different social economy entities.²²

In recent years, the actions that have been considered to be eligible for receiving budgetary support from the regions under the different schemes are grouped in two lines:

- Line 1: grants and subsidies for the promotion of employment in cooperatives and worker-owned companies (sociedad laboral);

The eligible actions are:

- Accepting unemployed persons as workers or partners;
- Technical assistance (mainly for feasibility studies, audits or consultancy);
- Training, dissemination and promotion of social economy activities linked with job creation.

- Line 2: investment support for cooperatives and worker-owned companies (sociedad laboral).

The eligible actions are: interest subsidies and Investments in fixed assets.

According to the data gathered by CIRIEC,²³ some Autonomous Communities are more active in supporting social economy schemes than others. In 2004, for example, Andalusia, Catalonia and Valencia invested more in social economy in terms of support in investment,

¹⁹ Law 20/1990 on the Fiscal Regime for Cooperatives, published in the Official Journal of 20th December 1990, available at http://noticias.juridicas.com/base_datos/Fiscal/l20-1990.html

²⁰ S. Barco Serrano, *Ibid*

²¹ Note that Ceuta and Melilla have the status of Autonomous Cities and hence are not included in this policy.

²² CIRIEC (2007), *ibid*

²³ *Ibid*

grants and support at employment creation than any other region. The table below presents a selection of initiatives at a regional level aimed at the promotion of social economy

Table 2.1 Selection of regional policy and legislative initiatives aimed at supporting or promoting the social economy

Autonomous Community	Policy and legislative Initiatives
Andalusia ²⁴	<ul style="list-style-type: none"> ■ 2011 Andalusian agreement for the social economy²⁵- a social pact concluded between the Andalusian Government, the Trade Unions and the Confederation of Entities for the Social Economy in order to facilitate and enable social entrepreneurship as well as to improve policy environment for social enterprise. This agreement seeks to establish a framework to favour the creation of social enterprises, and it will run until 2015. Some of the measures envisaged are the dissemination of the concept of social economy, the creation of new statistics dealing with entities of the social economy or the development of studies and research in the field ■ 2006 Order establishing the basis for the development of social economy, aimed at the promotion of the social economy by supporting research and studies in this field.²⁶ The support focused mainly on increase the competitiveness of social enterprises. ■ Foundation of the social economy school (FIDES) aimed at promoting the development of social economy through research and education²⁷ ■ Andalusia network of social economy foundation- this is an entrepreneurship policy tool providing technical assistance, training, guidance and access to capital²⁸ ■ Programme for the promotion of the social economy Andalusia- this programme finances business creation, growth and expansion in Andalusia²⁹
Asturias	<ul style="list-style-type: none"> ■ Asturian Foundation for the Promotion of the social economy- partially financed and participated by the Government of Asturias, advises entrepreneurs on how to establish a social enterprise, carries out research and publications on the topic, aims at the widest possible dissemination of the sector and provides education and training for professionals acting within or without the social economy.³⁰
Basque Country	<ul style="list-style-type: none"> ■ The Basque Observatory of social economy within the Institute for Cooperative Law and social economy in the University of the Basque Country³¹
Catalonia	<ul style="list-style-type: none"> ■ 2007 Order which purpose is to provide investment support to increase the competitiveness of cooperatives.³²

²⁴ This initiatives have been taken from the factsheet of PASE, available at http://www.interreg4c.eu/fileadmin/User_Upload/PDFs/L5_PASE_factsheet.pdf

²⁵ http://www.juntadeandalucia.es/export/drupal/III_Pacto_Andaluz_por_la_Economia_Social.pdf ; and English translation can be found at <http://www.messe-project.eu/index.php/good-practice/spain-andalucia/third-agreement-for-the-social-economy-in-andalusia.html>

²⁶ Order 25/09/2006, Official Journal of Andalusia, n. 203, 19th October 2006, <http://www.juntadeandalucia.es/boja/2006/203/2>

²⁷ <http://escueladeeconomiasocial.es/contenido/fides-emprende>

²⁸ http://www.altoguadalquivir.com/?page_id=121

²⁹ <http://www.andaluciaemprende.es/es/2009-12-21-13.17.43.848>

³⁰ <http://www.ffes.org/index.php>

³¹ http://www.gezki.ehu.es/p281-content/es/contenidos/organo/behatoki_info/es_behat_1/es_boletines.html

³² Order TRE/248/2007, Official Journal of Catalonia n. 4929 of 19th July 2007, http://www20.gencat.cat/portal/site/portaldogc/menuitem.c973d2fc58aa0083e4492d92b0c0e1a0/?vgnextoid=485946a6e5dfe210VgnVCM1000000b0c1e0aRCRD&appInstanceName=default&action=fitxa&documentId=448385&language=es_ES

Autonomous Community	Policy and legislative Initiatives
Castilla and Leon	<ul style="list-style-type: none"> ■ Awards for Cooperatives and social economy- these awards aim at recognising the contribution of people and enterprises to the development of the social economy in Castilla and Leon.³³
Galicia	<ul style="list-style-type: none"> ■ Awards for the best initiatives in the field of cooperatives³⁴ ■ Website with tools for teachers and other educational staff to disseminate the functioning and the importance of cooperatives³⁵
Valencia	<ul style="list-style-type: none"> ■ 2007 Order establishing the regulatory framework for the granting of financial aid to cooperatives and worker-owned companies (sociedad laboral), which provided investment support for start-ups or existing cooperatives wishing to grow.³⁶

Source: ICF-GHK research

EU funds are mainly used to support social entrepreneurship. An example of the initiative supported by the European Social Fund is the Programme PAEM (Programa de Apoyo Empresarial a las Mujeres) – Programme to support women entrepreneurship- aiming to promote self-employment and entrepreneurship among women of all ages and in particular to promote social entrepreneurship among women by providing guidance, advice and support when a microcredit is requested. This programme has also the support of fifty Chambers of Commerce³⁷.

2.3 Other specialist support and infrastructure available to social enterprises

Certain bodies and associations representing the interests of the entities comprised within the concept of social economy have also been a key driving force behind the policy and legislative development of the field. The Spanish Business Confederation of Social Economy (CEPES) has advocated and promoted the adoption of the Law on Social Economy and has been very active in the support for, promotion and dissemination of social economy activities. Other key actors in the field are, *inter alia*, ASCES (Association for the Cooperation of social economy), FAEDEI (Federation of Associations of WISE), FEACEM (Business Federation of Associations of Sheltered Employment Centres) and REAS (Network of Alternative and Solidary Economy).

Finally, there have been significant research and academic activities deepening knowledge on and promoting good practices in the Spanish social economy sector. For instance, the Universities of Valencia and Zaragoza have teams dedicated to the research on social economy.³⁸ The University of Barcelona carries out some research on the topic and offers a specific Master on social economy within their Research Centre for Society and Economy³⁹. UNED (National University of Distance Education) offers a course on entrepreneurship and social innovation. Some of the universities members of the RedEnuies network offer specific formation and research on social economy and the IUDESCOOP, the only public research

³³<http://www.empresas.jcyl.es/web/jcyl/Empresas/es/Plantilla100/1284248600947/ / />

³⁴http://www.xunta.es/dog/Publicados/2013/20130412/AnuncioCA05-090413-0003_es.html

³⁵<http://www.cooperativasdegalicia.com/educacion/index.htm>

³⁶Order 31/5/2007, Official Journal of Valencia, n, 5529 of 7th June 2007, <http://www.boletinesoficiales.com/documentacion/subvencion/documento/ORDEN-31-mayo-2007-Conselleria-Economia-Hacienda-Empleo-aprueban-bases-reguladoras-concesion-ayudas-destinadas-fomento-cooperativas-sociedades-laborales-convocan-ejercicio-7471,18,20070607,15/>

³⁷ Camaras, <http://www.camaras.org/publicado/formacion/paem.html>

³⁸IUDESCOOP- Research Institute for Social Economy, Cooperatives and Entrepreneurship of the University of Valencia (<http://www.uv.es/iudescoop/>) and GESES- Research team on third sector and social economy of the University of Zaragoza (http://geses.unizar.es/web_geses/index.html)

³⁹CIES- <http://www.grupcies.com/>

institute specialized in social enterprises, social economy and cooperatives of the University of Valencia have an Official Doctorate program and an Official Master on Social Economy⁴⁰.

2.4 Networks and mutual support mechanisms

CEPES is an umbrella organisation integrated by 28 organizations developing various economic activities in the field of social economy. CEPES integrates and unifies all confederate organizations and it is considered to be an economic and social agent that acts in the market and impacts on society with its performance.

However, the concepts of social enterprise and social entrepreneurship are quite unknown in Spain in comparison with other European countries; they are mostly used in international projects like PERSE (The Socio-Economic Performance of Social Enterprises in the Field of Integration by Work), EMES network (European Research Network) or GEM (Global Entrepreneurship Monitor) and in some business schools (IESE, IE Business school or ESADE among others) which recently have opened courses for social entrepreneurs or in the work of international organizations such as Ashoka.

In Spain, social entrepreneurship is supported and accelerated by organisations, such as the following:

- UEIA is an accelerator of social business that is technology based. UEIA facilitates training, networking and mentoring to social entrepreneurs in the social and technological field in order to strengthen their projects. Last year UEIA accelerated around 10 social enterprises and this year, they have 11 additional ones.
- Ship2b connects entrepreneurs with social investors in order to develop projects with a social impact.
- Unltd Spain is a pioneer organization which has recently opened a subsidiary in Spain to support the development of social entrepreneurship projects.
- Another example is Socialnest:

Box 2 Socialnest: experts on social entrepreneurship

Socialnest is an incubator for entrepreneurs and social enterprises that seeks to help people who want to solve a social or environmental problem through a social enterprise. The incubator started in 2010 in Valencia and helps each year to between 7 and 10 entrepreneurs to launch projects which main aim is to solve social and environmental problems, such as care for hospitalised children and the elderly or projects in developing countries.

Socialnest organises workshops on entrepreneurship and business management, presentations by entrepreneurs about their entrepreneurial experience, events where the social entrepreneurs can give visibility to their project, contacts with people of the sector and help in finding funding. They are mentors that guide the social entrepreneurs through the process of creating the business.

Their main belief is that “social enterprises have a great potential for social impact, channeling the energies of many people and entrepreneurs committed to a fair and sustainable progress, and that the use of management methods that have proven successful in other areas can help to achieving their social mission”.

Sources:

Socialnest-experts on social entrepreneurship website: <http://socialnest.org/reconocimiento/>

⁴⁰ IUDESCOOP Máster: <http://www.iudescoop-formaempleo.es/master-economia-social/>

Doctorate: http://www.uv.es/doctorado_economia_social

Valencia plaza (2011) La primera incubadora de empresas sociales parte en Valencia con diez emprendedores [The first incubator of social enterprises starts in Valencia with ten entrepreneurs]. Available at <http://www.valenciaplaza.com/ver/26552/la-primera-incubadora-de-empresas-sociales-parte-en-valencia-con-diez-emprendedores.html>

2.5 Marks, labels and certification schemes

Spain does not have a formal identification scheme, marks or labels for social enterprises, although there are certifications for the quality of the social services provided. For instance, AENOR offers service certification standards for the services provided in residential facilities-UNE 158101, day/night centres-UNE 158201, home help-UNE 158301 and Telecare-158401. Besides these, the quality of services can be certified according to International Organization for Standardization-ISO9001.

An example of small-scale certification scheme is run by FAIDEI, the Federation of associations for professional integration of communities in risk of exclusion. FAIDEI established a certification scheme for enterprises that fulfil the following criteria;

- Buy products or services from work integration social enterprises;
- Help in job placement of people who have previously completed trainings in reintegration centres.

This initiative aims to raise awareness of the added value to the society brought about by the associations grouped in FAIDEI.

2.6 Social investment markets

Social enterprises in Spain seem to be mainly self-funded. Even foundations and associations that used to mainly rely on public funding and private donations, are now increasingly moving towards an economic activity in order to survive. Some of them get funding through the organisation of art exhibitions or selling products or services. For instance, an association can create a special employment centre to get funding for the sale of the products created by their target group (e.g. people at risk of social exclusion, handicapped, etc.)⁴¹.

Social investment is at an early stage of development in Spain. There appears to be relatively little debate and data on investment into social economy entities/social enterprises. Instead, the term “social investment” is usually understood as covering all investment falling into the following investment strategies as identified by Spainsif (2012)⁴²:

- Thematic investment funds (investment on sustainable development assets);
- Selection of ‘Best-in-Class’ investment strategies (selection of top companies in each sector);
- Exclusion of investment securities (this approach excludes the investment in arms, pornography, tobacco and animal testing);
- A filter based on international standards ASG (including the criteria developed by United Nations);
- Integration of ASG factors into financial analysis (inclusion of the risks and opportunities identified by ASG standards);
- Active dialogue, shareholder participation and voting system on sustainable issues (this process seeks to promote transparency and influencing the decision making process);

⁴¹ EIPais (2013) Social entrepreneurs with soul. Available at: http://sociedad.elpais.com/sociedad/2013/02/24/actualidad/1361743315_132277.html

⁴² Spainsif Report (2012), http://www.spainsif.es/sites/default/files/upload/publicaciones/spainsif_informe_2012_web_1.pdf, pg.10

2.6.1 Impact investment (which seeks to have a financial return on the investment made on social or environmental projects).The supply of finance

There are a number of different players in the supply of social finance, both public and private. The banking sector plays a role in the financing of social enterprises, notably through the so-called “ethical banks” and the saving banks. The paragraphs below present an outline of the most relevant players in the social investment market.

2.6.1.1 Public providers:

- **ICO Foundation, Social Finance:** created in 2003, this state non-profit organisation aims, *inter alia*, to facilitate access to microcredit and to support the creation of knowledge in the microfinance sector. The ICO Foundation has two major projects in the field of social innovation; a microcredit pilot (PPM) and a collaboration with FIARE Bank and CAF (Self-Financed Communities).⁴³ PPM is a public-private partnership that operates in several sectors in Sevilla, Huelva, Pamplona and Barcelona offering microcredits without commissions and guarantees. The CAFs are small associations where members put together a fund in order to provide micro-credits.
- **ENISA, Innovation National Enterprise.**⁴⁴ A public enterprise funded by the Ministry of Industry, Energy and Tourism, ENISA is dedicated to finance viable and innovative projects offering loans without guarantees. Although it does not have a specific line of credit for social enterprises, it provides access to a network of business angels who can in some instance provide finance to social economy entities (no information on the size of financing from this source has been identified).

2.6.1.2 Private providers:

- **Creas Foundation:** a non-profit entity that encourages the development of venture capital in the social economy field. The foundation focuses its efforts on environmental and social projects.⁴⁵
- **ISIS Capital:** Isis Capital is a joint initiative between the Isis Foundation and the Gala Fund Management Isis Foundation aims to innovate in social investment initiatives in Spain and in Developing Countries in order to improve the lives of vulnerable people or those at risk of exclusion. The Gala Fund Management is a leading venture capital management company in Spain pioneer in socially responsible investment.⁴⁶
- **Ambers& CoCapitalMicrofinance** is a subsidiary of Ambers& Co, independent corporate financial advisory services that provides 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).⁴⁷
- **BBVA Microfinance Foundation:** Microfinance BBVA Foundation was created by BBVA in 2007, as a part of its corporate responsibility strategy, particularly in the field of social action. Its purpose is to promote self-sustaining economic and social development.

2.6.1.3 Cajas de Ahorro (Saving banks)

The Spanish “Cajas de Ahorro” are financial institutions whose primary purpose is to accept saving deposits and offer retail banking products: payments, savings products, credits and insurances. These institutions have played a decisive role in the development of the microfinance sector.

Microcredits were developed in Spain in the early nineties by various associations and NGOs. It consists of small individual loans granted for setting up small businesses, micro-enterprises or self-employment. They are mainly targeted at:

⁴³ See <http://www.fundacionico.es/index.php?id=110>

⁴⁴ See <http://www.enisa.es/>

⁴⁵ See <http://www.creas.org.es/eng/>

⁴⁶ See <http://www.fundacionisis.es/>

⁴⁷ 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>

- Disadvantaged groups, persons with employment insertion difficulties;
- People who do not have access to the formal financial system due to a lack of guarantees;
- People with an entrepreneurial spirit and a viable business initiative.⁴⁸

La Caixa MicroBank is the main entity in the field of micro-enterprises or self-employment. From its inception until the end of June 2011, it granted a total of 113,302 microloans with a total value of 716 million euros⁴⁹.

La Caixa also has a **programme for supporting social entrepreneurs**⁵⁰. It aims to support entrepreneurs and social enterprises in "seed stage" with training and management support, a network of social entrepreneurs, economic support and image and visibility of the initiatives. The programme has the following objectives:

- Increase the social impact of social start-ups.
- Increase the likelihood of success of new business initiatives.
- Accelerating consolidation of social start-ups.
- Introduce to society new social entrepreneurs and raise public awareness about the importance of this new type of firms.
- Encourage the transformation of social institutions in social enterprises.

KutxaBank –BBK Fundazioa is the foundation of the Basque Savings Bank "KutxaBank" that aims to facilitate financial sources to start ups and social enterprises and provides occasional technical support.

2.6.1.4 Social banks

There are two social banks operating in Spain:

- **Fiare**: This organisation was founded in 2002 and since 2005 operates in Spain as an agent for the Italian Banca Popolare Etica, S. Coop. Fiare understands financial activity as a tool to achieve a social impact. Fiare has three offices in Bilbao, Barcelona and Madrid.⁵¹
- **Triodos Bank**: an independent European bank with 32 years of experience in banking aiming to finance companies, institutions and projects that provide some social added value from a social, environmental and cultural point of view.⁵²

Box 3 Recent developments

The current economic situation in Spain has led to a shift in attitude of Spanish impact/social investors. There is a shift in interest from social enterprises acting in the fields of international cooperation and environment towards social enterprises focusing on groups at risk such as unemployed persons or disabled.⁵³

Despite being an incipient field, impact investments have seen increasing interest for the last years. This can be illustrated in rising popularity of cases when:

- Investment funds provide seed capital for social and environmental activities;
- Clients of private banking seek investment with a return in social or environmental

⁴⁸ Fundación Compromiso y Transparencia (2012), Map of Impact Investments in Spain <http://www.compromisoempresarial.com/wp-content/uploads/InformeInversiones.pdf>

⁴⁹ESADE (2011) Report on the impact of Microcredits available at https://www.microbanklacaixa.com/deployedfiles/microbank/Estaticos/PDFs/Informe_impacto_microcreditos_2011_es.pdf

⁵⁰ http://obrasocial.lacaixa.es/ambitos/convocatorias/emprendimientosocial_es.html

⁵¹<http://www.proyectofiare.com/web/>

⁵²<http://www.triodos.es/es/particulares/>

⁵³Pwc and "Obra Social La Caixa", "Study on the present and future situation of the Third Sector in times of crisis", p.11, available at http://obrasocial.lacaixa.es/deployedfiles/obrasocial/Estaticos/pdf/Emprendimiento_Social/Informe_Tercer_Sector_social_es.pdf

- terms;
- Private foundations seek to contribute to its mission through investment rather than philanthropy.

2.6.2 The demand for finance

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

With regards to the finance applicants from the social economy sector, there is no uniform profile. Demands most often comes from:

- Organisations devoted to social integration of people with disabilities or at risk of exclusion.
- Organisations that supply traditional goods and services aimed to solve social problems or specific environmental issues.

2.6.3 Market gaps/ deficiencies

Law 5/2011, concretely states that under the Austerity Plan 2011-2013 the financing of the major institutions in the social economy will be realised through credits that cannot in any case generate an increase in Net expenses. The Law does not state if this financial strategy will change after 2013 or will remain as it is.

The only existing initiative that pursued a regulatory change is the “Sociedad Limitad de Interés General” (S.L.I.G) which creates a more favourable legal framework and facilitates the access to investment. This initiative is inspired by the guidelines "Social Business Initiative" of the European Commission and seeks to be included in the new Spanish entrepreneur law that is currently being discussed. S.L.I.G would also increase the visibility, credibility and recognition of social entrepreneurship.

Possibility to measure social impact of their activities is believed to increase attractiveness of social enterprises for potential investors. Hence, limited popularity of such measurement can be considered one barrier for market development.

Stakeholders generally perceive finance supply not to meet existing demand from social economy entities.⁵⁴

2.7 Overview of the key actors in the social enterprise ecosystem

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

<p><i>Governmental departments or institutions designing or implementing policy, support instruments and measures for social enterprises and infrastructures</i></p>	<ul style="list-style-type: none"> ■ The central government counts on a specific Directorate General (DG) devoted to social economy within the Ministry of Labour and social economy, it is called DG for Freelance Work, Social Economy and Corporate Social Responsibility. ■ Autonomous Communities have also their own departments dealing with social economy and entrepreneurial
--	--

⁵⁴ According to interviews conducted

	issues.
<i>Customers – authorities contracting 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>	Spain does not have a formal identification scheme to distinguish social enterprises from other type of business.
<i>Institutions, civil society initiatives or other social enterprises promoting social entrepreneurship education and training, and presenting role models</i>	<ul style="list-style-type: none"> ■ FAIDEI
<i>Organisations that have the capacity act as an observatory and to monitor the development and to the assess needs and opportunities of social entrepreneurs/social enterprises</i>	<p>Broadly on social economy:</p> <ul style="list-style-type: none"> ■ CEPES ■ Spanish Observatory of Social Economy
<i>Providers of social enterprise start up and development support services and facilities (such as incubators)</i>	<ul style="list-style-type: none"> ■ Central Government ■ Autonomous Communities ■ Socialnest
<i>Business support providers</i>	<ul style="list-style-type: none"> ■ Central Government ■ Autonomous Communities ■ EU Funds (PAEM –Programme to support women entrepreneurship) ■ La Caixa
<i>Facilitators of learning and exchange platforms for social enterprises</i>	<ul style="list-style-type: none"> ■ Universities (University of Valencia, University of Zaragoza and University of Barcelona). ■ International projects: PERSE, EMES network, GEM. ■ Business schools (IESE, IE Business School, ESADE...)
<i>Social enterprise (support) networks, associations</i>	<ul style="list-style-type: none"> ■ FEACEM Business Federation of Associations of Sheltered Employment Centres) ■ REAS (Network of Alternative and Solidary Economy). ■ FAIDEI (Federation of associations for professional integration of communities in risk of exclusion) ■ Red de Emprendedores Sociales (Network of social entrepreneurs). ■ Asociación Española de

	Emprendedores Sociales (Spanish association of social entrepreneurs)
<i>Key providers of finance</i>	<ul style="list-style-type: none"> ■ Public providers (ICO, AECID, ENISA) ■ Private providers (Impulsa coop, Creas Foundation, ISIS Capital, Ambers & Co Capital Microfinance). ■ BBVA Microfinance Foundation. ■ Saving banks (La Caixa MicroBank, KutxaBank –BBK Fundazioa). ■ Social banks (Fiare, Triodos Bank).

3 Mapping of social enterprise in Spain

This section maps the scale and characteristics of social enterprise in Spain. It describes the role of social enterprises in addressing societal problems and the key enabling factors and constraints influencing their development.

3.1 The spectrum of social enterprises in Spain

In Spain there is a wide spectrum of organisations with different legal forms, different degrees of market orientation and financial viability, and different social missions. This section presents different organisation types that are typically regarded as social economy.

- Cooperatives

Cooperatives are a heterogeneous group of economic entities. They are described by the law (Law 27/1999⁵⁵) as “constituted by persons who decide to voluntarily join them, and who are free to leave them at any moment. These societies aim at carrying out business activities with the objective of satisfying the social and economic needs and ambitions of the members thereof. A cooperative shall have a democratic structure and functioning, on the basis of the international principles and in conformity with this law”. Moreover, each Autonomous Community has its specific law on cooperatives.

The law recognises 12 types of cooperatives: workers cooperatives, of consumers, of housing, agricultural cooperatives, cooperatives of common exploitation of the land, cooperatives of services, of fishermen, of transport workers, of insurance, of health care, of education and of credit. In Spain, there are a number of cooperatives that lead in their sector of activities, such as those producing and distributing olive oil or big cooperatives operating in various sectors such as the Mondragon cooperative.

In the first quarter of 2012, there were 22,022 cooperatives in Spain with total employment of around 298 thousand.

Although there is no specific regulation for social initiative cooperatives, most of the regulations on cooperatives at national and regional level refer to them. Thus, at national level, the law 27/1999 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 social nature, or in the development of any economic activity which object is the employment of persons suffering from any kind of social exclusion and, in general, satisfy social needs not met by the market. Furthermore, each Autonomous Community has its specific law on cooperatives and they also refer to social initiative cooperatives, social welfare cooperatives or social integration cooperatives.

The Spanish confederation of social initiative cooperatives indicated that there were 566 Social Initiative Cooperatives in 2009, while in 2000 there were 459⁵⁶. The following is an example of a social initiative cooperative:

Box 4 Olma Iniciativa Social

Olma is a Social Initiative Cooperative located in Madrid. It promotes socio-educational processes in order to contribute to social transformation where the principles of cooperation, equity, participation and sustainability are an effective reality.

⁵⁵ Law 27/1999, on Cooperatives, of 26th July 1999, Official Journal n. 170 of 17 July 1999, http://noticias.juridicas.com/base_datos/Privado/l27-1999.t1.html#a1

⁵⁶ Spanish confederation of Social Initiative Cooperatives (2010) When it comes to individuals, cooperatives take the initiative. Social Initiative Cooperatives. Radiograph of a changing industry. Available at: <http://www.coceta.coop/publicaciones/estudio-ctis-2010.pdf>

Its values are:

- Voluntary and open membership
- Democratic management of members
- Economic participation
- Autonomy and independence
- Education, training and information
- Cooperation among cooperatives and compromise with the community.

Olma works on socio-educational projects with children, young people and parents and implements projects of environmental education. It promotes participation and community development. It also provides training on social intervention and designs equality plans (on gender equality or equality of opportunities).

Source: <http://www.olmainiciativasocial.es/>

- **Mutualities**

Mutualities are non-for-profit private insurance entities who offer social protection to their members as a complement to the general social security system; they are mainly financed by their members and are governed in a democratic and transparent manner. They operate under the exclusive competence of the Autonomous Communities, although there is some baseline legislation at state level (Royal Decree 1430/2002, approving the Regulation of Mutualities of Social Prevision⁵⁷). An example of this type of entities is the “Lawyer’s mutuality”,⁵⁸ active in the whole country that offers social security insurance services to qualified lawyers and their family members.

In 2011, there were 402 mutualities, employing 1,391 persons.

- **Foundations and associations engaged in an economic activity**

Foundations have the mission to pursue a common general interest and not an individual one. They can be engaged in an economic activity and in this case profits need to be used in line with statutory purposes. An analogous situation applies to associations.

In 2012, some 7,000 of associations and around 50 foundations carried economic activity⁵⁹.

- **Worker-owned companies (sociedad laboral)**

These societies are “corporation or companies of limited responsibility where most of the social capital belongs to the workers who provide services for the company on the basis of unlimited contracts” (Article 1 of Law 4/1997). Worker-owned companies are governed in a democratic and transparent manner. No partner can hold more than 33.33 per cent of the overall capital, except in the cases of public or non-profit organizations that can hold up to 49 per cent.

In 2011, there were 13,465 worker-owned companies (sociedad laboral) in Spain, employing around 74 thousand people.

- **Work integration social enterprises (WISE)**

WISE are typically set up as foundations or associations. In their employment structure they are to have above 30 per cent of workers in the work integration process during the first three years of activities of a given entity with this share rising to 50 per cent from the fourth year onwards. WISE typically work with groups such as, *inter alia*, long-term

⁵⁹http://www.cepes.es/Estadistica-nacional-Entidades_evolucion

unemployed, former drug addicts that are in the process of rehabilitation and social reinsertion or unemployed prison inmates and former inmates. In Spain, there is a Law on WISE since 2007. Moreover, Autonomous Communities have some laws regarding that.

In 2011, around 200 WISE operated in Spain employing around 4,100 people.

- **Sheltered Employment Centres**

These centres were established by Law 13/1982 of Social Integration of Disabled People. They carry out productive work and participate in trade operations, and aim at providing a remunerated position and adequate personal and social services for its impaired workers (who need to constitute at least 70 per cent of their staff). These centres seek to integrate the highest possible number of impaired people to the open labour market.

In 2011, there were 490 Sheltered Employment Centres, employing 28,300 disabled workers. An example is the following:

Box 5 PORTAL BERGUEDÀ

PORTAL BERGUEDÀ was created by the Portal Foundation to provide labour training and employment to young people affected by dual pathology. Young people elaborate dairy products, mainly yogurts, made using the traditional method and under the direction of an artisan in a farm-workshop. The yogurts are sold in gourmet and specialised shops under the brand Delícies del Berguedà.

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

- **Fishermen's Guilds**

Fishermen's Guilds are defined by Article 45 of Law 3/2001 on Maritime Fisheries: fishermen's guilds are non-for-profit corporations of Public Law, representing economic interests, who act as advisory and cooperative bodies for the public authorities with competences in fisheries.

In 2011, there were 219 Fishermen's guilds with 442 Workers in Spain.

3.2 Application of operational definition: determining the boundaries

Task 1 of the project produced an EU Operational Definition of Social Enterprise, comprising a number of eligibility and mapping criteria. Taking into account the common understandings and stakeholder positions outlined above, the following seeks to apply the Operational Definition to move to an understanding of the spectrum of organisations and enterprises in Spain that might be considered 'social enterprises'.

As discussed previously there is no definition of social enterprises in Spain. In view of the importance of the 2011 Law on Social Economy Table 3.1 provides a comparison of its delimitation of the social economy and the Operational Definition.

Table 3.1 Differences and similarities between the Operational Definition and the definition of the Spanish 2011 Law on Social Economy

Operational Definition of a social enterprise - eligibility criteria	Spanish approach to defining social economy entities – Law on Social Economy of 2011
Economic activity: It must engage in economic activity: this means it must generate income from market sources	Art. 2 of Law 5/2011: “Social economy is the designation of the <u>set of economic and entrepreneurial activities that are carried out in the private scope</u> by those entities that pursue either the collective interest of their members, the general economic or social interest or both, in accordance with the principles set forth in article 4.”
Purpose: It must pursue an explicit and primary social aim: a social aim is one that benefits the society	<p>Art. 2 of Law 5/2011: ““Social economy is the designation of the set of economic and entrepreneurial activities that are carried out in the private scope by those entities that <u>pursue either the collective interest of their members, the general economic or social interest or both</u>, in accordance with the principles set forth in article 4.”</p> <p>Art.4.a) c) – The entities pertaining to the social economy shall act on the basis of the following guiding principles:</p> <p>a) <u>The primacy of the individual and of the social purpose over capital</u>, through the autonomous, transparent, democratic and participative management of the entity which leads to prioritising decision taking on the basis of the people and their work contributions or services, or on the basis of the social purposes, rather than on the basis of the capital contributions to the social assets.</p> <p>(...)</p> <p>c) <u>Promotion of internal and societal solidarity</u>, favouring the compromise with local development, equality of opportunities between man and woman, social cohesion, insertion of persons at risk of social exclusion, the creation of stable and quality jobs, the work-family life balance and sustainability.</p>
Limited distribution of profits: it must have limits on distribution of profits and assets: the purpose of such limits is to prioritise the social aim over profit making	Art. 4. B) <u>Profits obtained from the economic activity shall be distributed mainly according to the work contribution or the service or activity performed by its partners or by its members and, if appropriate, according to the entity’s social purpose.</u>
Governance: It must be independent and participatory: independence means autonomy from the state while participation means it allows stakeholder views to be appropriately represented in its decision making processes	<p>Art. 4 a) and d)- The entities pertaining to the social economy shall act on the basis of the following guiding principles:</p> <p>a) The primacy of the individual and of the social purpose over capital, through the <u>autonomous, transparent, democratic and participative management of the entity which leads to prioritising decision taking on the basis of the people and their work contributions or services, or on the basis of the social purposes, rather than on the basis of the capital contributions to the social assets.</u></p> <p>(...)</p> <p>d) <u>Independence from the public authorities</u></p>

It can therefore, be concluded that the Spanish concept of social economy to a significant extent (but not entirely) corresponds to the social enterprise notion from the Operational Definition. The Spanish concept of social economy is based on a wider interpretation of what constitutes social/ societal purpose: according to Article 2 of Law 5/2011, social economies are those that pursue “the collective interest of their members, the general economic or social interest or both”. Thus, organisations set up to address mutual needs of members are regarded as social economy entities. The Law 5/2011 specifies, in its Article 5, the type of entities that can be considered as belonging to the social economy. These are: cooperatives, worker-owned companies (sociedad laboral), mutualities, work social integration enterprises, fishermen’s guilds, sheltered employment centres, and associations and foundations which carry out economic activities.

In what follows, the eligibility criteria of the Operational Definition are applied to different legal and organisational forms of entities active in Spain to assess to what extent they can be considered social enterprises as understood in this study.

3.2.2 Engagement in economic activity

This criterion is met by all active cooperatives, mutualities, worker-owned companies (sociedad laboral), WISEs, mutualities, fishermen’s guilds (which are involved in the commercialisation of fisheries), sheltered employment centres as well as associations and foundations that carry out economic activities.

3.2.3 Pursuing an explicit and primary social aim

This criterion is met by certain social initiative cooperatives. The criterion is also met by WISEs, sheltered employment centres, foundations and associations of public interest or constituted to pursue a social interest.

3.2.4 Limits on distribution of profits and assets

There are legal limits to distribution of profits and assets for cooperatives, mutualities, worker-owned companies (which have a limitation on shareholding and share buying), WISEs and sheltered employment centres. Foundations and associations are obliged by law to invest any profits from economic activity for their statutory purposes.

The criterion is not met by fishermen’s guilds.

3.2 Independence and participatory character

In practice independence is understood as autonomy from the state and this condition can be fulfilled by all entities that are not established / controlled by authorities. This criterion is met by mutualities, worker-owned companies, fishermen’s guilds and cooperatives, associations, foundations and sheltered employment centres which are not constituted by public persons and entities.⁶⁰

With regards to the participatory character of the decision making process, this applies to cooperatives, mutualities, worker-owned companies, associations and fishermen’s guilds and may be met by WISEs, foundations and sheltered employment centres, although a case by case examination might be needed in view of lack of formal/legal obligations in this regard.

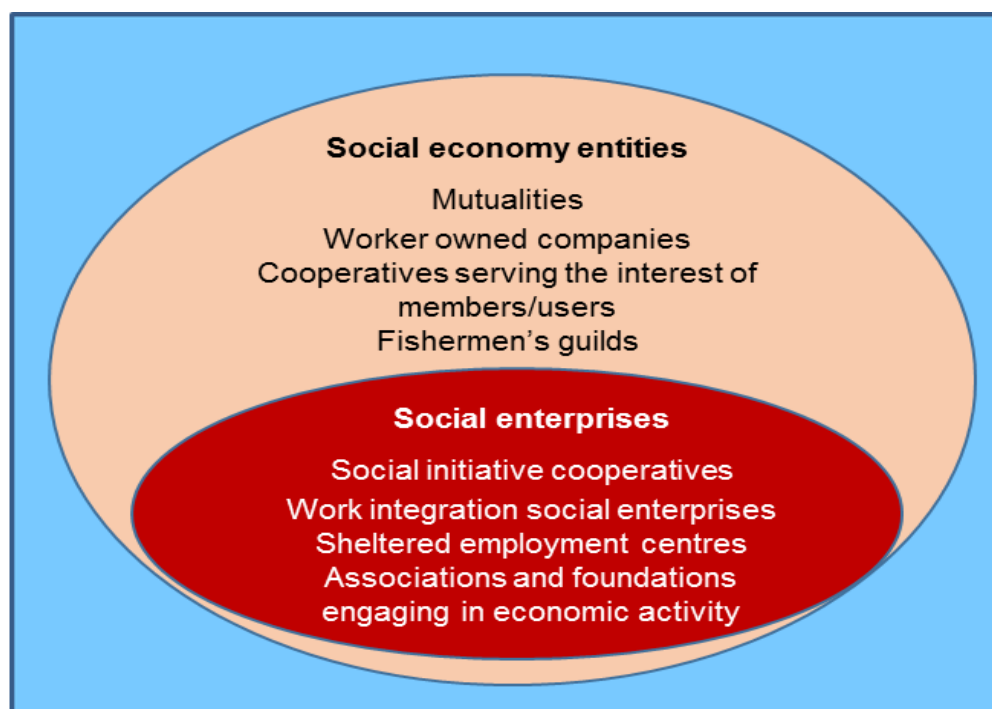
The above suggest that the following types of entities can be considered social enterprises:

- Cooperatives (operating in sectors of collective interest),
- WISEs,

⁶⁰ Cooperatives and foundations can be constituted by “public or private persons and entities”. Likewise, WISEs can be established by entities of public law. Sheltered employment centres can be directly set up by the Public Administration.

- Sheltered employment centres,
- Associations and foundations that carry out economic activities.

Figure 3.1 Distinguishing social economy and social enterprises in Spain



3.3 Measurement of social enterprises

There is no institution responsible for systematically collecting data on social enterprises in Spain and hence it is quite complicated to gather aggregate figures on social enterprises. Where statistics are collected, they differ due to the different scope applied: for example, whereas the Spanish National Statistical Institute (INE) only considers cooperatives as part of the social economy, CEPES includes in its statistics all the entities that are covered by Law 5/2011.

The statistics compiled by CEPES seem to be the most comprehensive ones and detailed by type of social enterprise (SE) as the table below shows it is possible to use these data to estimate the scale of the social enterprise sector in Spain as identified by the operational definition.

Table 3.2 Estimated number of social enterprises (SE) in Spain as of 2012 unless otherwise specified

Type	Number of SE
Sheltered employment centres	490
Work integration social enterprises	200
Associations carrying economic activity	7,086
Foundations carrying economic activity	54
Social initiative cooperatives (2009 data)	566
Total:	7,830

Note: the data should be treated as indicative estimates only.

Sources: Based on interpretation of CEPES Statistics, available at http://www.cepes.es/Estadistica-nacional-Entidades_evolucion.

3.4 Characteristics of social enterprises

Every year, CEPES produces a ranking classifying the relevant companies for the social economy according to their turnover and number of jobs created.⁶¹ As explained above, the definition of what is considered as a relevant company for the social economy embraces in particular associations and foundations undertaking economic activity, cooperatives, work integration companies, and sheltered employment centres that fit the operational definition criteria. The ranking also reflects the numbers for “other enterprises of the social economy”, but does not specify what these enterprises are.

The tables below present an overview of the total turnover and the number of employees for the top 10 Spanish Sheltered employment centres and Work integration social enterprises (there is no information available on foundations. Associations or social initiative cooperatives) in 2012.

Table 3.3 Top 10 Spanish Sheltered employment centres in 2012

Number	Name	Turnover (EUR million)	Number of employees
1	Siro Venta De Baños	149,13	420
2	Talleres Gureak	86,83	3.200
3	Fundosa Lavanderias Industriales, S.A.	59,00	1.455
4	Fundosa Galenas, S.A.	37,00	371
5	Flisa Cataluña, S.A.U.	22,00	534
6	Cee Pilsa (Cee Proyectos Integrales Limpieza)	17,12	1.533
7	Servicios De Telemarketing, S.A.	17,00	41
8	Fund.Control Datos Y Servicios	17,00	416
9	Tasubinsa	13,82	711
10	Tasubin, Sa	13,80	712

Source: CEPES Statistics, available at http://www.cepes.es/Ranking_en

Table 3.4 Top 10 Spanish Work integration social enterprises in 2012

Number	Name	Turnover (EUR million)	Number of employees
1	Engrunes	6,30	131
2	Formació I Treball	5,50	157
3	Rezikleta, S. Coop.I.S.	3,43	60
4	Zabaltegi Judimendi, S.L.U.	1,65	9
5	Zonas Verdes Cordobesas Ei, SI	1,14	58
6	Jantziprest, S.L.U.	1,07	15
7	Berjantzi, S.Coop.	1,03	25

⁶¹ See http://www.8cepes.es/Ranking_en. All the estimates in this section are extracted from the database that informs the ranking⁹

Number	Name	Turnover (EUR million)	Number of employees
8	Solidança Treball Ei, S.L	1,00	44
9	Elkar Proteo, S.Coop. I.S.	0,98	31
10	Iris Servicios A La Comunidad, S.L.U.	0,97	52

Source: CEPES Statistics, available at http://www.cepes.es/Ranking_en

3.4.2 Legal forms

Social enterprises in Spain adopt different legal forms as it has been discussed previously in this chapter. The legal forms typically adopted by Spanish social enterprises are; cooperatives-including social initiative cooperatives (regulated by Law 27/1999), and foundations and associations engaged in economic activity.

3.4.3 Business models

The legal forms adopted by social enterprise are diverse but the differences in the business models are quite small as it is discussed below.

Sources of income

The main source of income for Spanish social enterprises is their trading income. However, as the table below shows there are also other sources of income as membership fees, grants, donations or rental income. Crowdfunding has also become an important source of funding for social entrepreneurs, but also for associations and foundations that used to be largely dependent on public and members' funding.

Table 3.5 Sources of income for Spanish social enterprises

Legal Form	Main sources	Other sources
Cooperatives (including social initiative cooperatives)	Trading income	Membership fees, grants or donations, income from public contracting.
Foundations/ Associations	Grants or donations	Trading income, rental income on assets.
WISE	Trading income	Membership fees, grants or donations, income from public contracting.
Sheltered Employment Centres	Trading income	Membership fees, grants or donations, income from public contracting

Social impact

Social enterprises are characterised by higher share of employment among groups facing relatively more difficult labour market situation. However, there is no specific information on the share of employees of social enterprises for specific age groups or gender in the country. Nevertheless, there is data available regarding the broader concept of social economy, The share of employees in social economy entities above 55 years of age (and especially women) is higher than in enterprises established as traditional corporate legal entities *Sociedades Anónimas (SA)* and *Sociedades Limitadas (SL)* (Table 3.6)

Table 3.6 Employment share of workers aged 55+ (per cent of total employment)

	Traditional corporate Legal entities (SA), (SL)	Social economy entities
Employees older than 55	9.2	13.8
Of which:		
■ Women older than 55	2.7	4.8
■ Men older than 55	6.5	9.0

Note: The data for social enterprises are indicative – the definition adopted in the report does not include associations and foundations carrying economic activity.

Source: CEPES, EOI (2013)⁶²

Social economy entities are also important employers for disabled. Sheltered employment centres are specifically focused on disabled employment but the share of disabled employees is high also in some cooperatives and other types of social enterprises. ONCE Foundation for example, invests around 60% of its budget to promote long term contracts and professional trainings for disabled people.⁶³ (See box below for more information about ONCE)

One data source suggests that disabled (those with disability level in excess of 33 per cent) constitute close to one third of employment in social enterprises compared to negligible share among the traditional legal forms of businesses (Table 3.7).

Table 3.7 Employment of disabled persons (share in total employment)

	Traditional corporate Legal entities (SA), (SL)	Social economy entities
Employees with a disability level of at least 33% ⁶⁴	0.2%	31.8%

Source: Spanish Social Security, CEPES, EOI (2013)⁶⁵

The diversity of Spanish social enterprises and societal impact can be illustrated by the example below.

Box 6 An example of a social enterprise successfully integrating disabled in the labour market: ONCE Foundation

ONCE (Organizacion Nacional de Ciegos Españoles –Spanish national organisation for blind people-) enjoys a dual institutional nature: partly public in that, as a corporation, it has been entrusted with certain public functions by the State and partly but predominantly a membership-based corporation governed by private law.

ONCE is currently governed by Royal Decree 358/1991 of 15 March 1991, which realigned the Spanish National Organization of the Blind partially amended by subsequent Royal

⁶² CEPES, EOI (2013) “El impacto socioeconómico de las entidades de economía social”, available at http://api.eoi.es/api_v1_dev.php/fedora/asset/eoi:80096/EOI_ImpactoEconomiaSocial_2013.pdf

⁶³ www.fundaciononce.es

⁶⁴ Spanish legislation recognizes five categories or degrees of disability; grade 1 no disability, grade 2, mild disability in which the percentage of disability is between 1% and 24%, grade 3, moderate disability in which the degree of disability is between 25% and 49%, grade 4, severe disability in which the degree of disability is between 50 and 70% and grade 5, very severe disability in which the degree of disability is 75%.

⁶⁵ CEPES, EOI (2013) “El impacto socioeconómico de las entidades de economía social”, available at http://api.eoi.es/api_v1_dev.php/fedora/asset/eoi:80096/EOI_ImpactoEconomiaSocial_2013.pdf

Decreets, the last being Royal Decree 3/2013 of 11 January 2013. The ONCE's members (the blind and those with a serious visual impairment) are referred to as affiliated members⁶⁶. The Organization's members have access to a large number of benefits and social integration services provided by the corporation. They also have the right to take part in the institution's democratic life. At the end of 2012, the ONCE had 71,295 members.

The ONCE Foundation for Cooperation and the Social Integration of People with Disabilities was founded by ONCE in 1988⁶⁷, by agreement of the ONCE General Council, and it was launched into society in September 1988 as an instrument of cooperation and solidarity from Spanish blind towards other collectives of people with disabilities in order to improve their living conditions. The mission of ONCE Foundation is to implement integration programmes of work-related training and employment for people with mainly sight disabilities, and to develop universal accessible environments, products and services.

What makes ONCE Foundation so popular compared to other foundations is the way that it is financed. Its main income source is a lottery. Although it must be said that this lottery is run by ONCE instead of ONCE Foundation, therefore the main funding source of ONCE Foundation comes from ONCE lottery tickets. Concretely, the 3% of gross receipts obtained from the sales of the ONCE's lotteries. This figure represents one out of every three euros that the ONCE dedicates to social services. These tickets, "el cupón", are sold in very distinctive blue stalls placed on all the streets in every city in Spain and all the sellers are blind.

During 2012, ONCE Foundation signed a total of 105 collaborative agreements, 59 of them were framework agreements, of which 12 involve job training and employment, 27 were related to universal accessibility and 20 had an institutional nature. Moreover 46 implementation contracts were signed.

Nowadays, ONCE is an important player for the integration of disable people in the labour market. The current structure of the ONCE and its Foundation is; a governing body, which is the ONCE General Council, to which 17 Territorial Councils (one for each Autonomous Region) and the ONCE Foundation in Latin America report directly. Moreover, two executive areas report to this General Council:

- The ONCE General Directorate, which is also responsible for the management of the ONCE Guide-Dog Foundation (FOPG), the ONCE Foundation for the care of the deaf-blind and the Spanish Federation of Sports for the Blind.
- The ONCE Foundation and both business groups, CEOSA and Fundosa.

3.4.4 Use of paid workers

SELUSI (2010)⁶⁸ also measured the number of full time equivalents (FTE) that currently work for social enterprises either as wage employees or subcontractors and the number of volunteers that currently work for the venture. SELUSI survey, based on an on-line survey on 136 Spanish social enterprises, shows that 33% of the respondents have less than 10 FTE and 27% have between 10 to 49 FTE, the remaining percentage is equally distributed between enterprises that have between 50 until 250 FTE or more than 250 FTE⁶⁹.

⁶⁶ Membership is open to all Spanish citizens who request it and who, after being examined by an ophthalmologist authorized by the ONCE, are certified as meeting at least one of the following conditions in both eyes with no reasonable chance of improvement: maximum corrected visual acuity equal to or less than 0.1 (1/10 on the Wecker scale), or a diminished visual field of 10 degrees or less.

⁶⁷<http://www.fundaciononce.es>

⁶⁸ SELUSI (2010) http://www.selusi.eu/uploads/images/101216_Selusi_Report_ES.pdf

⁶⁹ SELUSI, http://www.selusi.eu/uploads/images/101216_Selusi_Report_ES.pdf

3.4.5 Fields of activity

Social enterprises are active in many different economic sectors. Based on assessment of interviewees it can be estimated that at present approximately half of social enterprises are active in the service sector, mainly carrying education activities, some 20 per cent of social enterprises are in the agriculture sector and the rest divided between the industry and construction sector. Table 3.8 provides some examples.

Table 3.8 Main sectors where entities of the social economy operate (based on data on top 15 entities within each group)

Type of entity	Main sector ⁷⁰	Other sectors
Social Initiative Cooperatives	Home care (more than 50%)	Day/night centre, nursing homes, labour integration, environment, school canteens/activities and pre-school education
Sheltered Employment Centres	Industrial Laundry	Cleaning, Services, Gardening
WISE	Cleaning/Environment	Services, Textile
Other enterprises of the social economy (foundations and associations)	Industrial Laundry	Communication, Sanitary Products, Hospitality Services, Culture

Source: CEPES database and Spanish confederation of Social Initiative Cooperatives (2010)

3.4.6 Target groups

Many social enterprises target the entire population in their activities – as customers of goods and services. Various disadvantaged groups are targeted by enterprises focusing on work integration, such as disabled people, drug addicts, people in risk of social exclusion, criminals, and members of disadvantaged families or women that suffer gender violence and their children.

3.5 Summary of mapping results

The table below summaries the universe of social economy enterprises in Spain. According to Law 5/2011, all the institutional forms of social economy (cooperatives, mutualities, worker-owned companies, WISE, Sheltered Employment Centres and Fishermen's guilds) have an entrepreneurial dimension, a social dimension, distribute their profits and/or assets according to defined rules and procedures, have autonomy and some level of stakeholder participation.

Foundations and associations have also some of these characteristics in common.

⁷⁰ Within Top-15

Table 3.9 Mapping the 'universe of social economy enterprises in Spain

Dimension	Criterion	Social initiative cooperatives (Law 27/1999)	Worker-owned companies (sociedad laboral)	WISE (Law 44/2007)	Sheltered Employment Centres (Law 13/1982)	Foundations	Associations
Entrepreneurial dimension	Engagement in economic activity	Yes	Yes	Yes	Yes	Some do	Some do
Social dimension	Social aim (public benefit)	Yes	Yes	Yes	Yes	Yes	Yes
Independence and governance	Distribution of profits and/or assets according to defined rules and procedures	Yes	Yes	Yes	Yes	Profits need to be used in line with statutory purposes.	Profits need to be used in line with statutory purposes.
	Profit cap - existence of profit cap/ limited profit distribution	Yes	Yes	Yes	Yes	Yes	Yes
	Asset lock - existence of asset lock	Yes	Yes	Yes	Yes	Not required by law	Not required by law
	Autonomy - organisational autonomy	Yes	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	Yes	Not typically	Democratically governed
Estimated number (2012) unless stated otherwise)		566 (in 2009)	13,465	200	490	54 (foundations carrying out economic activity)	7,086 (associations carrying out economic activity)
Estimated % meeting eligibility criteria (appx)		100%	100%	100%	100%	90% (guesstimate)	100%
Estimated number meeting eligibility criteria		566 (in 2009)	13,465	200	490	-45	7,086
Entrepreneurial dimension	Share of income derived from : fees (incl. membership fees);trading income; rental income on assets; income from public contracting (both competitive tenders and direct contracting); grants and donations etc.	Pursue revenue generation through trading	Pursue revenue generation through trading	Pursue revenue generation through trading	Pursue revenue generation through trading	Grants or donations and	Grants or donations and membership fees important

Country Report: Spain

Dimension	Criterion	Social initiative cooperatives (Law 27/1999)	Worker-owned companies (sociedad laboral)	WISE (Law 44/2007)	Sheltered Employment Centres (Law 13/1982)	Foundations	Associations
	The use of paid workers	Yes	Yes	Yes	Yes	Yes but voluntary work is also a common practice	Yes but voluntary work is also a common practice
Social dimension	Fields of activity	Operate in all sectors of the economy	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	Customers/users of goods and services provided			Various societal groups, users of goods and services provided	Various societal groups, members
Independence and governance	Transparency - a system for measuring and reporting impact	some may have	some may have	some may have	some may have	some may have	some may have

3.6 Opportunities and barriers

In the last years, social entrepreneurship has acquired greater visibility in Spain. The Spanish society has grown accustomed to the idea of social economy and social enterprises, not least due to the current economic situation which encourages seeking alternative forms of investment. Indeed, the economic climate has created a number of opportunities for the creation of social enterprises⁷¹ (although also negatively impacted their growth, as explained below):

- The perceived failure of the existent economic models has switched the focus of the economy from a capitalist model to a more socially-conscious economic structures. This favours a positive environment for the starting-up of social enterprises.
- The response to the economic crisis in the form of fiscal austerity measures, coupled with the high unemployment rates, has prompted individuals to seek alternative ways of pursuing their careers by, for example, setting up cooperatives.⁷² The creation of a favourable institutional framework, exemplified with the adoption of the Law on social economy, has also created new opportunities for the establishment of social enterprises.
- Finally, the rise of research and popular publications, together with the ample dissemination of some ideas linked to the social economy, such as the theories of Bill Drayton, founder of Ashoka who received an important Spanish award in 2011, “Principe de Asturias Award”, contributed to promote the idea of social entrepreneurship in the Spanish society.

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

- The lack of adequate support from the Spanish Government;
- Problems in accessing the market due to a lack of awareness among public institutions on the concept of social enterprises;
- Lack of developed practice of social public procurement – i.e. inclusion of relevant non-monetary selection criteria in public procurement;
- Difficulties in accessing credit and/or other funds;
- The negative effects of the crisis.

These last two points were underlined by all the consulted stakeholders: all interviewed agreed that the main constraint that these enterprises are facing is the access to credit. In fact, the interviewees noted that, in their cases (that, however, cannot be treated as representative for the whole sector) a great part of the needed investment resources comes from savings, friends and family.

3.7 Concluding remarks

Social enterprises are a major player within social economy in Spain. There are several entities integrating the social enterprise panorama in Spain: social imitative cooperatives, worker-owned companies (sociedad laboral), WISE, Sheltered Employment Centres and foundations and associations carried out an economic activity. The role of social enterprises in Spain is to satisfy society needs while carrying out an economic activity.

The current economic crisis is having a dual effect on the creation of social enterprises: on the one hand is stimulating the search for new economic structures, prompting the setting up of alternative forms of enterprises, such as social initiative cooperatives, and on the other, is causing the stalemate of public financing for initiatives related inter alia to social enterprises.

⁷¹ Comillas University, Financed by the Ministry of Employment and Social Security, “Guide for the social entrepreneur. Inspirations for the creation of enterprises with a social value”, p. 14, available at <http://www.upcomillas.es/investigacion/pdf/Gu%C3%ADa%20del%20emprededor%20social.pdf>

⁷² See <http://www.bancaparaempresas.com/catalunya-y-el-empleo-cooperativo/>

Furthermore, it seems that access to private credit has also become more complicated due to the effects of the crisis in the Spanish financial sector.

However, it appears that social enterprises have proved to be more resilient to certain consequences of the crisis. Precise employment data are not available but CEPES estimates for the broader social economy sector suggest job creation during 2010-2012, the period where overall employment was declining⁷³. Also, the so-called credit cooperatives (about 68 cooperatives of credit which normally operate in small villages and towns) did not require any of the bailout funds given to other Spanish financial institutions by the European Central Bank.⁷⁴ One of the main problems in order to identify social enterprises in Spain and their contribution to employment and economy is that they are not legally recognised as such. The concept of social economy is much broader and therefore, data provided from the main stakeholders include entities that would not fit in the EU concept of social enterprises (e.g. mutualities or worker-owned companies). Nevertheless, despite the lack of conceptualisation and data on the sector, the emergence of social enterprises is a reality in Spain. In a context of government cuts in social programmes, individuals have started to organise themselves in order to prevent and solve societal problems. However, more than in the past, this is done in a sustainable way, trying to carry out an economic activity that enables them to be independent from public funding.

⁷³<http://www.cepes.es/noticia=320>

⁷⁴http://sociedad.elpais.com/sociedad/2013/05/24/actualidad/1369416937_376190.html

Annex 1 Comparative overview of the legislative framework for Social Integration Enterprise, Social Cooperative Initiative and Special Employment Centre

Legal form	Social Integration Enterprise (“EI” Spanish acronym)	Social Cooperative Initiative (“CIS” Spanish Acronym)	Special Employment Centre (“CEE” Spanish acronym)
Definition	<p>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 EI if described as such by the Public Administration and registered on the Register of EI.</p> <p>Most EIs are based on limited liability companies (“SRL” Spanish acronym). This description focusses 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 provide that the shareholders are just 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 cooperatives and can have diversity 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 aids.</p> <p>This description focusses 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 non-profit common goals and general or specific interest. Associations that promote general interest purposes as assistance and social inclusion of disabled or excluded, may be declared, if they meet the requirements of the Act, as a public utility associations allowing them to be certain aid beneficiary.</p>
Key national legislation governing legal form	<p>There is state law and various regional laws governing EI.</p> <p>State law: Law 44/2007, of December 13 (LEI). If EI is a cooperative, also governed by state law of cooperatives 27/1999, or the law of the Autonomous Community concerned.</p>	<p>Cooperatives are regulated by the State and the Autonomous Communities (CCAA). There is a state law and 15 regional laws.</p> <p>State law: Law 27/1999, of July 16 (LC). Article 106 regulates social initiative cooperatives. The cooperative tax regime is</p>	<p>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): Royal Decree 2273/1985; Royal Decree 1368/1985 on the special employment of disabled workers; Royal Decree 469/2006 on professional</p>

Legal form	Social Integration Enterprise (“EI” Spanish acronym)	Social Cooperative Initiative (“CIS” Spanish Acronym)	Special Employment Centre (“CEE” Spanish acronym)
	<p>If it is a capital company (corporation or limited liability company, also governed by the Companies Act (Royal Legislative Decree 1/2010, of July 2 or LSC).</p>	<p>regulated by law 20/1999.</p> <p>The Spanish Constitution (1978) provides in art. 129. 2 that the public authorities shall promote, through appropriate legislation, cooperative societies.</p>	<p>support to disabled workers; Royal Decree 870/2007 Promotion of Employment of Disabled Persons; and Order of April 10th 1986 creating the Employment Centres Registry. Associations are regulated by: the Associations Law 1/2002 (LA hereinafter); Royal Decree 1497/2003 Regulation of the National Register of Associations; Royal Decree 1740/2003 Procedure to qualify an association of public utility; and the Law 49/2002 of Taxation of non-profit entities.</p> <p>The Spanish Constitution (1978) recognises legal form in article 22 on Freedom of Association, and in art. 49.1 which orders the public powers to make a policy of preventive, treatment, rehabilitation and integration of disabled people.</p>
Whether the legal form is used exclusively or not exclusively for social enterprise	Exclusively for social enterprises	Exclusively for social enterprises	Exclusively for social enterprises
Methods of creation	<p>To establish a SRL-based (limited liability company) EI: a contract or act of incorporation of the SRL needs to be held in the presence of a 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>Once incorporated and registered in the</p>	<p>First the contract or act of incorporation of the cooperative needs to be held in the presence of a Notary Public. Once the agreement is formalised in a public deed it must be registered in the Cooperatives Registry to obtain legal personality.</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>Associations are established by agreement of its members. This agreement of incorporation of the association must be in 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>For the constitution of an association the following documents are required:</p>

Legal form	Social Integration Enterprise (“EI” Spanish acronym)	Social Cooperative Initiative (“CIS” Spanish Acronym)	Special Employment Centre (“CEE” Spanish acronym)
	<p>commercial register, the SRL may apply for qualification as EI and if it meets the requirements under art. 5 LEI.</p> <p>To form an EI-SRL, the following documents are required to be submitted: application for registration; deed of Incorporation of the SRL; and Articles of Association. To qualify as 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 project; 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 EI by the administrative authority, the EI is also included in the Register of EI in its corresponding Autonomous Community.</p>	<p>Some cooperatives, because of their activity (financial or business) may need to be required to register in other registers, such as the Registry of Commerce, or obtain approval for its establishment, for example as a credit union or insurance provider.</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 of the last two years - Certification of the Tax Administration and Security, proving to be current on the payment of tax and social security obligations. - Certification of the agreement adopted to apply for the qualification of public utility. <p>To apply for qualification and registration as special employment Centre:</p> <ul style="list-style-type: none"> - Accreditation of legal personality - An economic study proving the viability and survival of the CEE to carry out its purposes. - Express commitment to integrate the workforce by 70 % for the least disabled. - Anticipating take professional staff which provide the services required by disabled workers.
Required capital or assets	To form an SRL requires a minimum capital of €3,000.	Cooperative state law does not provide for a minimum capital requirement.	Not applicable to legal form

Legal form	Social Integration Enterprise (“EI” Spanish acronym)	Social Cooperative Initiative (“CIS” Spanish Acronym)	Special Employment Centre (“CEE” Spanish acronym)
	<p>To qualify for IE, there are no specific requirements regarding the amount of capital. Instead, it is required that 51% of the capital is held by non profit organisations.</p>	<p>However, most of the cooperative laws of the Autonomous Communities require a minimum capital. This is usually €3,000, which is the same required for the formation of a limited liability company.</p>	
Management and corporate governance	<p>The Companies Act sets out several ways of organising the management in a SRL, the appointment and removal of the administrator; capacity, remuneration and compensation; the duties of directors and responsibilities; and the board of directors 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>Cooperative legislation regulates the Board of Directors, its nature, competition and representation, powers, choice, duration, termination, operation, contest their agreements, remuneration, ability to be a director, conflict of interest and accountability. It also regulates the intervention or control body "auditors" and Appeal Committee.</p> <p>Every cooperative must have a board of directors “consejo rector”. If the cooperative has less than 10 members may have in place a sole administrator to assume these responsibilities.</p> <p>The board of directors is subject to internal auditors or interveners “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>As a general rule, directors must be members</p>	<p>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 its members, powers, terms of office, causes cease, as deliberate and pass resolutions, etc.</p> <p>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. 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) must:</p> <ul style="list-style-type: none"> - Manage and represent the interests of the association. - Its jurisdiction generally extends to all acts to further the purpose of the association. - At the time of dissolution of the association, members of the representative body become liquidators, unless the statutes or the Assembly stated otherwise. In these cases, the Act lists the functions to be developed as liquidators.

Legal form	Social Integration Enterprise (“EI” Spanish acronym)	Social Cooperative Initiative (“CIS” Spanish Acronym)	Special Employment Centre (“CEE” Spanish acronym)
	<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 diligence of a prudent businessman. - Informing the Board of Directors of conflict of interest situations. - not competing with the organisation. - maintaining confidentiality. 	<p>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 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.
	The key rights of members of the SRL include:	The main rights of members of cooperatives	The members’ rights include the right of free

Legal form	Social Integration Enterprise (“EI” Spanish acronym)	Social Cooperative Initiative (“CIS” Spanish Acronym)	Special Employment Centre (“CEE” Spanish acronym)
	<p>a) Right to attend and vote at the general meeting.</p> <p>b) Right to contest corporate resolutions;</p> <p>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>include:</p> <p>a) Right to attend and participate in the discussions, make proposals and vote.</p> <p>b) Right to challenge social agreements void or voidable.</p> <p>c) To receive the information necessary to exercise their rights and fulfil their obligations.</p>	<p>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 for admission and removal of members and potential penalties. 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 set to request the convening of the 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, the accounts of the association and its activities; be heard prior to taking disciplinary measures against him and the grounds for the sanction; to challenge the resolutions of the organs against the law or the bylaws. That the partners can separate from the association voluntarily at any time.</p>
Voting and representation of members in general meetings	<p>Members’ vote on resolutions at the General Meeting.</p> <p>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 in public document. The power must be in writing and specifically for each meeting.</p>	<p>Cooperative decisions are taken by its 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>
Types of shares, if any	Legal form has shares.	Legal form has shares.	Legal form does not have shares.

Legal form	Social Integration Enterprise (“EI” Spanish acronym)	Social Cooperative Initiative (“CIS” Spanish Acronym)	Special Employment Centre (“CEE” Spanish acronym)
	<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 its transmission is not easy.</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 carry 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 a 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.</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 improvement or expansion of productive structures and integration.</p> <p>To maintain EI status, the majority of share</p>	<p>The Mandatory Reserve Fund is used for the consolidation, development and guarantee of the cooperative.</p>	<p>Not applicable to legal form</p>

Legal form	Social Integration Enterprise (“EI” Spanish acronym)	Social Cooperative Initiative (“CIS” Spanish Acronym)	Special Employment Centre (“CEE” Spanish acronym)
	capital must be held by non profit organisations and capital transfers should respect these limits otherwise the EI will be disqualified.		
Allocation of the surplus particularly to compulsory legal reserve funds	Legal form is required to allocate surpluses to compulsory legal reserve funds. 10% of annual proceeds should be allocated to the legal reserve until it reaches at least 20% of the capital.	The surplus should be allocated at least 20% Mandatory Reserve Fund and 5% to the Cooperative Promotion Fund. 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.	Compulsory legal reserves not applicable to legal form
Distinction dividends/refunds and distribution of refunds	No distinction between distribution of dividends and refunds	<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 for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least 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>The benefits, however, cannot be distributed to members.</p> <p>The cooperative social initiative to be a non-profit cooperative may not distribute any positive results between partners, nor can remunerate workers (members or not) more than 150% of the remuneration marked by</p>	Not applicable to legal form

Legal form	Social Integration Enterprise (“EI” Spanish acronym)	Social Cooperative Initiative (“CIS” Spanish Acronym)	Special Employment Centre (“CEE” Spanish acronym)
		<p>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 one 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 the 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 objects.</p> <p>A limited liability company may establish subsidiaries and parallel societies.</p>	<p>Cooperative activity must meet needs and interests of its members. Moreover, the law prohibits the exercise of various activities to entities that are not corporations, such as: pharmacy, power distribution, travel agencies, etc.</p> <p>The cooperative can carry out the same activities it does with its members, with third parties. This cannot exceed certain limits of the law to ensure that operate primarily with members.</p> <p>Cooperatives can form partnerships and can be grouped with other entities, cooperatives or not for the better compliance of its objects.</p>	<p>Associations can perform all activities necessary to achieve its 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 its activity is not restricted exclusively to benefit its members, but open to any other potential beneficiary under conditions for achieve the purposes of the association.</p> <p>If a centre of employment, economic activity will need further to securing gainful employment and the provision of social services to disabled workers.</p> <p>Entities may establish cooperation 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. These groups would not be</p>

Legal form	Social Integration Enterprise (“EI” Spanish acronym)	Social Cooperative Initiative (“CIS” Spanish Acronym)	Special Employment Centre (“CEE” Spanish acronym)
Internal financing (e.g. investment title, member investors, increase in members contributions)	<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 it 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>forced to consolidate their accounts.</p> <p>The statutes may provide for pay 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 of the owners of the centres and the benefits generated by the centre’s activity.</p> <p>It can also seek donations or loans from its members and it can issue bonds to its members.</p>
External financing (e.g. banking loans, issuing bonds, specific investment funds) including possibility for non-member investors	<p>An EI can only make limited distributions of profit. Further, there are restrictions on the type of entity that may invest into 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 and EI is clearly committed to / shares its social goals.</p> <p>It can also obtain loans from banks or other financiers or it 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>The remuneration of these may consist of interest, but in some Autonomous Communities laws in a part of the results shall not exceed 45%. These shares in the capital, which may also provide limited political rights, and there are more easily transmitted. These members cannot have the control of the cooperative.</p> <p>The cooperative can also get public financing through bonds and equity securities primarily.</p>	<p>Third parties may contribute to special employment centres.</p>
Transparency and	Limited liability companies must deposit	Cooperatives and social initiative cooperatives	An association, as a legal person subject to

Legal form	Social Integration Enterprise (“EI” Spanish acronym)	Social Cooperative Initiative (“CIS” Spanish Acronym)	Special Employment Centre (“CEE” Spanish acronym)
publicity requirements (and related auditing issues)	<p>accounts in the Commercial Register. Anyone can apply for a copy of the accounts deposited in the Commercial Register.</p> <p>EIs must submit the following documents annually with the Administrative Registry Integration Enterprises: the annual accounts for the last year, the management report, the social balance, etc.</p> <p>Limited liability companies are required to audit their accounts and the management report. They should also audit their accounts when provided bylaws or agreed General Meeting.</p> <p>There is no obligation to audit the accounts when it meets two of the following requirements: that the asset does not exceed €2,850,000; than net turnover not exceeding €5,700,000 or the average number of employees during the period not exceeding 50.</p> <p>The annual accounts will be reviewed by external auditors in the cases provided for in the Law on Audit. This law subject to audit all companies that meet certain conditions relating to its assets, income or number of employees, and those receiving public aids</p>	<p>must deposit their accounts with the Register of Cooperatives (and some in the Commercial Register).</p> <p>If the cooperative receives some aids 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 where provided the bylaws or agreed by the General Assembly. If the cooperative is not required to audit their 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 for 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 €2,850,000; the net turnover does not exceed €5,700,000 or the average number of employees during the period does not exceed 50.</p>	<p>corporation tax, may be required to prepare accounts and file these with the Commercial Register. However, the law does not clearly specify this obligation and 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 deposit them in 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 asset does not exceed €2,850,000; the net turnover does not exceed €5,700,000 or 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>
Employee involvement systems	<p>Neither the managers nor workers SRL have voting rights, either directly or indirectly in any corporate body.</p>	<p>If the cooperative is a worker cooperative, workers, as members, participate in decision making.</p> <p>If not a worker cooperative, the statutes can allow workers to acquire the status of members (work members) allowing them to participate in</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>

Legal form	Social Integration Enterprise (“EI” Spanish acronym)	Social Cooperative Initiative (“CIS” Spanish Acronym)	Special Employment Centre (“CEE” Spanish acronym)
		<p>decision-making and benefit sharing.</p> <p>Moreover, when the cooperative has more than fifty 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>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 at less than half of the share capital; by reduction of capital below the legal minimum; for the non-voting shares exceed half of the share capital, or 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 the 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) compliance with the corporate purpose or the impossibility of compliance; f) in case of merger or split; or g) for other causes provided for in the by-laws.</p>	<p>An association will dissolve on the grounds provided for in the bylaws and, failing that, by agreement of the members expressed in General Assembly convened for the purpose. Can also be dissolved by common causes provided for in the Civil Code: meeting the deadline; realising their purpose or impossibility of performance; paralysis of the corporate bodies, etc.</p>
<p>Distribution of the proceeds of dissolution, liquidation, disinvestment (in particular provision of asset lock)</p>	<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 each partner proportional to their share capital.</p>	<p>Once debts are satisfied, assets shall be distributed as follows:</p> <p>a) The amount of the Fund for the Promotion of Cooperatives will be available to the federation of cooperatives. b) Returned to the members capital contributions. c) It is given to the members their share of the distributable reserve funds, at the rate provided in the bylaws or approved by the General Assembly, and failing, in proportion to their participation in</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 member but provided to another non-profit entity that had similar social purpose.</p>

Legal form	Social Integration Enterprise (“EI” Spanish acronym)	Social Cooperative Initiative (“CIS” Spanish Acronym)	Special Employment Centre (“CEE” Spanish acronym)
Conversion to another form of company	Structural Modifications Law of Corporations provides for the possibility that a limited liability company is transformed into another corporation or a cooperative.	Cooperatives may become commercial or civil companies of any type without affecting its legal personality	Only the cooperative legislation provides for the possibility that any association is transformed into a cooperative, if they meet the requirements of legislation and its members can assume the status of cooperators. However, this transformation is not covered in associations legislation or in legislation on structural modifications, and would make it difficult to realise.

Annex 2 List of Information Sources

A2.1 References

1. Caja Madrid (2012) Anuario del Tercer Sector de Acción Social en España, available at https://www.obrasocialcajamadrid.es/Ficheros/CMA/ficheros/OBSSocial_AnuarioTercerSectorAccionSocial2012.PDF
2. CEPES, EOI (2013) “El impacto socioeconómico de las entidades de economía social”, available at http://api.eoi.es/api_v1_dev.php/fedora/asset/eoi:80096/EOI_ImpactoEconomiaSocial_2013.pdf
3. CEPES (2013) Cuadernos de Economía Social, available at http://www.cepes.es/publicacion_cepes=95
4. CEPES Statistics, available at http://www.cepes.es/Estadistica-nacional-Entidades_evolucion
5. CEPES- type of entities, available at http://www.cepes.es/types_of_entities
6. CIRIEC (2008) “Spanish social economy in numbers”, http://www.ciriec.es/CIRIEC_Grandes_Cifras_Economia_Social.pdf
7. CIRIEC (2007) The social economy in Spanish Public Policies available at http://www.empleo.gob.es/es/sec_trabajo/autonomos/economiansoc/NoticiasDoc/NoticiasPortada/ES_politicas_publicas_2007.pdf
8. Chaves, R., Monzón R.L, Zaragoza, G. (2012) The social economy: concept, macromagnitudes and employment opportunities for Social Work, Cahiers of Social Work, vol. 26-1 (2013) pp.19-29
9. MONZÓN, J.L. Y CHAVES, R. (2012). “The Social Economy in the European Union”, Brussels, Economic and Social Committee.
10. COM (2011) 682 final, Social Business Initiative, creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation. Available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0682:FIN:EN:PDF>
11. Comillas University, Financed by the Ministry of Employment and Social Security, “Guide for the social entrepreneur. Inspirations for the creation of enterprises with a social value”, p. 14, available at <http://www.upcomillas.es/investigacion/pdf/Gu%C3%ADa%20del%20empresario%20social.pdf>
12. Díaz Foncea, M., Marcuello, C. and Marcuello C., “social enterprises and evolution of the social impact”, CIRIEC-Spain, Review of Public, Social and Cooperative Economy, n. 75 2012, pp. 179’198, available at http://www.ciriec-revistaeconomia.es/banco/CIRIEC_7508_Diaz_et_al.pdf
13. EC (2012) Social economy – laying the groundwork for innovative solutions to today’s challenge, Peer Review in Social Protection and Social Inclusion, Synthesis Report, available at <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1397&furtherNews=yes>
14. ESADE (2011) Report on the impact of Microcredits, available at https://www.microbanklacaixa.com/deployedfiles/microbank/Estaticos/PDFs/Informe_impacto_microcreditos_2011_es.pdf
15. FT (2012), Mondragon: Collective approach pays big dividends, Financial Times on-line, 27 March <http://www.ft.com/cms/s/0/a9859070-72b1-11e1-9be9-00144feab49a.html#axzz2j9aFtLyA>
16. Fundación Compromiso y Transparencia (2012) Map of Impact Investments in Spain, http://www.compromisoempresarial.com/wp-content/uploads/Informe_inversiones.pdf
17. Fundación Luis Vives (2013) Yearbook of the Third Sector in Spain, Fundación Luis Vives, Madrid.
18. Garay, Jon- “Fagor: los límites del cooperativismo”, El Correo, 17.10.2013, <http://www.elcorreo.com/vizcaya/20131017/economia/fagor-limites-cooperativismo-201310161801.html>
19. Global Entrepreneurship Monitor (2012) <http://www.gemconsortium.org/docs/2811/gem-spain-2012-report>

20. Monzón, J.L (2008) "Las grandes cifras de la Economía Social en España", available at http://www.ciriec.es/CIRIEC_Grandes_Cifras_Economia_Social.pdf.
21. Monzón, J.L, Chaves, R. (2012) "Social economy in the European Union". Bruselas, Comité Económico y Social Europeo.
22. Spainsif Report (2012), http://www.spainsif.es/sites/default/files/upload/publicaciones/spainsif_informe_2012_web_1.pdf
23. Obra Social la Caixa, EASADE and PWC (2012) "Study on the present and future situation of the Third Sector in times of crisis" available at <http://www.fepamic.org/ficheros/publicaciones/21/presente-y-futuro-del-tercer-sector.pdf>
24. S. Barco Serrano: "Public policies in the social economy and the dialogue between public actors and social economy in Spain", Universitas Forum, Vol 3, No. 2, June 2012, <http://universitasforum.org/index.php/ojs/rt/printerFriendly/110/435>
25. Spanish Observatory of social economy <http://www.observatorioeconomiasocial.es/area-juridica-empresas-sociales.php?autonomico=1>
26. 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
27. Vidal, I. (2009) "Territorial Map of not-for-profit entities and cooperatives in Spain" CIES, available at <http://www.grupcies.com/MAPA-TERRITORIAL-DE-LAS-ENTIDADES-NO-LUCRATIVAS-Y-DE-LAS-COO.854.0.html>
28. Vidal and Claver (Work Integration social enterprises in Spain, http://www.emes.net/uploads/media/PERSE_WP_04-05_SP.pdf

Websites

AECID-<http://www.aecid.es>
Ambers & Co- <http://www.gawacapital.com/>
Asociación Española de Fundaciones, http://www.fundaciones.org/EPORTAL_DOCS/GENERAL/AEF/DOC-cw50ffb5258c0ba/ElSectorfundacionalenEspaNaatributosfundamentales.pdf
BBVA-<http://www.mfbbva.org/english.html>
CAMARAS-<http://www.camaras.org/publicado/formacion/paem.html>
CEPES-<http://www.cepes.es/Ranking>
CIES- <http://www.grupcies.com/>
CIRIEC- http://www.ciriec.ulg.ac.be/fr/telechargements/RESEARCH_REPORTS/EESC_CIRIECInforme2012_ES.pdf
CREAS- <http://www.creas.org.es/eng/>
DG for Freelance Work, Social Economy and Corporate Social Responsibility- <http://www.empleo.gob.es/es/organizacion/empleo/contenido/OM27.htm>
ENISA-<http://www.enisa.es/>
Escuela de Economía social <http://escueladeeconomiasocial.es/contenido/fides-emprende>
European Commission- <http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/>
FACUA- <http://www.facua.org>
FADEI- <http://www.faedei.org/es/eri>
FIARE <http://www.proyectofiare.com/web/>
Foundation ISIS-<http://www.fundacionisis.es/>
Foundation ONCE <http://www.fundaciononce.es>
GESES- Research team on third sector and social economy of the University of Zaragoza http://geses.unizar.es/web_geses/index.html
ICO-<http://www.ico.es/web/contenidos/home/home.html>
INAEF, http://www.fundaciones.org/EPORTAL_DOCS/GENERAL/AEF/DOC-cw4e1d396869ffb/ElSectorfundacionalespaol-Datosbsicos.pdf

INNOVALAB- <http://blog.innovalab.org/>

IUDESCOOP- Research Institute for social economy, Cooperatives and Entrepreneurship of the Law 5/2011 on Social Economy, Official Journal n. 76, of 30th March 2011,

http://noticias.juridicas.com/base_datos/Admin/I5-2011.html; an English version can be found at <http://www.eesc.europa.eu/resources/docs/the-spanish-law-on-social-economy.pdf>

Law 27/1999, on Cooperatives, of 26th July 1999, Official Journal n. 170 of 17 July 1999,

http://noticias.juridicas.com/base_datos/Privado/I27-1999.t1.html#a1

Junta de Andalucía, <http://www.andaluciaemprende.es/es/2009-12-21-13.17.43.848>

http://www.juntadeandalucia.es/export/drupal/III_Pacto_Andaluz_por_la_Economia_Social.pdf ; and

English translation can be found at <http://www.messe-project.eu/index.php/good-practice/spain-andalucia/third-agreement-for-the-social-economy-in-andalusia.html>

Official Journal of 17th January 2003, <http://www.boe.es/boe/dias/2003/01/17/pdfs/A02205-02219.pdf>

Order 25/09/2006, Official Journal of Andalusia, n. 203, 19th October 2006,

<http://www.juntadeandalucia.es/boja/2006/203/2>

Order TRE/248/2007, Official Journal of Catalonia n. 4929 of 19th July 2007,

http://www20.gencat.cat/portal/site/portaldogc/menuitem.c973d2fc58aa0083e4492d92b0c0e1a0/?vgn_extoid=485946a6e5dfe210VgnVCM1000000b0c1e0aRCRD&appInstanceName=default&action=fitxa&documentId=448385&language=es_ES

Order 31/5/2007, Official Journal of Valencia, n. 5529 of 7th June 2007,

<http://www.boletinesoficiales.com/documentacion/subvencion/documento/ORDEN-31-mayo-2007-Conselleria-Economia-Hacienda-Empleo-aprueban-bases-reguladoras-concesion-ayudas-destinadas-fomento-cooperativas-sociedades-laborales-convocan-ejercicio-7471,18,20070607,15/>

Law 20/1990 on the Fiscal Regime for Cooperatives, published in the Official Journal of 20th

December 1990, available at http://noticias.juridicas.com/base_datos/Fiscal/I20-1990.html

Ministry of Labour-http://www.empleo.gob.es/es/sec_trabajo/autonomos/economia-soc/Ayudas/index.htm

Official Journal n. 299 of 15th December 2006, http://noticias.juridicas.com/base_datos/Admin/I39-2006.html

Official Journal n. 307 of 24th December 2002, http://noticias.juridicas.com/base_datos/Fiscal/I49-2002.html

PASE, http://www.interreg4c.eu/fileadmin/User_Upload/PDFs/L5_PASE_factsheet.pdf

SELUSI, http://www.selusi.eu/uploads/images/101216_Selusi_Report_ES.pdf

Ship2b, <http://www.ship2b.org/>

Social nest, <http://www.socialnest.org>

Triodos, <http://www.triodos.es/es/particulares/>

UEIA, <http://www.ueia.com/>

University of Valencia <http://www.uv.es/iudescoop/>

UNLtdSpain, <http://www.innovaspain.com/unLtd-empresa-internacional-pionera-en-el-apoyo-a-emprendedores-ateriza-en-espana>

Xunta de Galicia

http://www.xunta.es/dog/Publicados/2013/20130412/AnuncioCA05-090413-0003_es.html

<http://www.cooperativasdegalicia.com/educacion/index.htm>

Other websites consulted

http://www.altoguadalquivir.com/?page_id=121

<http://www.ffes.org/index.php>

[http://www.gezki.ehu.es/p281-](http://www.gezki.ehu.es/p281-content/es/contenidos/organo/behatokinfo/es_behat_1/es_boletines.html)

[content/es/contenidos/organo/behatokinfo/es_behat_1/es_boletines.html](http://www.gezki.ehu.es/p281-content/es/contenidos/organo/behatokinfo/es_behat_1/es_boletines.html)

http://www.empresas.jcyl.es/web/jcyl/Empresas/es/Plantilla100/1284248600947/_/_/

<http://www.mondragon-corporation.com/language/en-US/ENG.aspx>

<http://www.mutualidadabogacia.com/Home.aspx>

A2.2 List of consultees⁷⁵

Name of the person interviewed	Organisation/ Role	Stakeholder category
1. Juan Antonio Pedreño	President of CEPES (Spanish Business Confederation of Social Economy)	Main Spanish confederation representing the business interests of the social economy
2. Juan Antonio Pedreño (on behalf of Spanish Business Confederation of Mutualities)	Spanish Business Confederation of Mutualities	Highest representative body for Spanish mutualities
3. Juan Antonio Pedreño (on behalf of CERMI)	Spanish Committee of Representatives of Persons with Disabilities- CERMI	Umbrella organisation representing the interests of more than 3.8 million women and men with disabilities in Spain
4. Juan Antonio Pedreño (on behalf of Gabriel Trenzado)	Agri-food Cooperatives Spain- Coordinator of international and EU affairs.	Organization which represents and defends the economic and social interests of the Spanish agricultural cooperative movement.
5. Juan Antonio Pedreño (on behalf of Lorea Soldevilla)	KONFEKOOP- Basque Cooperatives Confederation- Representative	Organisation comprising the Basque Sectoral Cooperatives Federations
6. Mr. Emilio Villaescusa	ASCES- Association for the Cooperation of the Social Economy- President	Business group of social economy integrating leading organisations sharing the same values and identity by generating cooperative projects. ASCES operates on the whole national territory, although its headquarters are in Valencia. It is formed by Anecop, Consum, Florida and Sorrolla Group.
7. Ms. Isabel Carvajal	Instituto de la Mujer	Responsible of Statistics Department
8. Mr. Toni Mengual	<i>Caixa Pollença</i> - Ethical saving bank- Coordinator of ethical savings	Social Investment Finance Intermediary
9. Mr Luis Berruete Martínez	<i>Creas Foundation- Risk Investment in the Social Environment- Coordinator</i>	Social Investment Finance Intermediary
10. Ms Maria Vicente	Invest for Children	Social Investment Finance Intermediary

⁷⁵Notice that this list does not contain the social enterprises contacted, in total 39 social enterprises have been contacted.