

OLD CHALLENGES NEW PATHWAYS: SOCIAL ENTERPRISES FOSTERING IMPROVEMENT AND SOCIAL INNOVATION ON SOCIAL INCLUSION

NEWSLETTER 1
FEBRUARY 2014

EDITORIAL

This is the first newsletter of the project «Old Challenges New Pathways – Social enterprises fostering improvement and social innovation in social inclusion». The OCNP project is a 2 years European initiative (Sep. 2013 – Jul.2015) funded through the [Lifelong Learning Programme](#). Consisting in a series of exchange visits and networking among partners from 5 European countries, the project focuses on work integration social enterprises (WISEs) – organisations that provide goods and services through a commercial approach as a means to integrate disadvantaged people through work. This newsletter aims to share the visit and the debates that were held during the first project meeting in Porto, Portugal.



THE OCNP PROJECT

This project is focused on the role of social enterprises - namely work integration social enterprises (WISEs), and other social and solidarity initiatives - in promoting social inclusion of disadvantaged groups. Its main objective is to explore and contrast different models of intervention in the field of socio-professional integration of disadvantaged groups, which have been widely developed in the last decades in European countries.

Two main issues will be addressed:

- What are the current challenges of social enterprises and professionals working in the field of socio-professional integration?
- Given the current trends of social innovation and social entrepreneurship in Europe – how can WISEs and other initiatives aimed at promoting social inclusion through work assume a strategic position and benefit from these trends?

Project activities include visits to social enterprises, debates and workshops which will be disseminated through a series of 6 newsletters.

PARTNERS

We are social enterprises working in the field socio-professional integration of disadvantaged people and delivering training, consultancy and research services to develop social entrepreneurship.

Belgium

[SST - Samenwerkingsverband Sociale Tewerkstelling](#)

Czech Republic

[Fokus - Sdružení pro péči o duševně nemocné](#)

Italy

[SCF – Scuola Centrale de Formazione](#)

Luxembourg

[CIGL Strassen asbl – Centre d'Initiative et de Gestion Local Strassen a.s.b.l.](#)

Portugal

[A3S – Associação para o Empreendedorismo Social e a Sustentabilidade do Terceiro Sector](#)

RESIT – PORTUGUESE NETWORK OF WISES

The core mission of [RESIT](#) is to pursue more and better bridges for employment and social integration of disadvantaged groups, as well as more cooperation among public and private sectors and social economy organizations.

RESIT is an informal network of social economy organisations that work voluntarily since November 2011. It is the Portuguese member of [ENSIE](#), since August 2013. «Old Challenges New Pathways» is also a result of this work. At the national level RESIT members are key stakeholders of the project and have participated in this first transnational meeting.

The strategy of RESIT for the next few years is to strengthen cooperation at the European level through ENSIE, to promote the implementation of effective models and good practices of socio-professional integration of disadvantaged people, and to reinforce, expand and professionalize its own organisational structure.

RESIT MEMBERS

- [A3S](#)
- [ADSG](#)
- [AFUA](#)
- [ANARP](#)
- [APDES](#)
- [ARIA](#)
- [ARTENAVE](#)
- [CÁRITAS Coimbra](#)
- [CENTRO SOCIAL DE SOUTELO](#)

VISIT TO AFUA – ASSOCIATION OF FAMILIES, FRIENDS AND USERS OF MAGALHÃES DE LEMOS HOSPITAL

Born in 1999, AFUA is a social economy organisation that aims at the promotion of mental health in the areas of psychosocial rehabilitation and reintegration. It delivers services to people with mental health problems such as socio-occupational activities and support to families, 4 residential units, a job placement office and 2 work integration social enterprises (WISEs).

One of these WISEs was created in 1999, delivering catering services, and the other one in 2007, delivering cleaning services. Their main client is Magalhães de Lemos Psychiatric Hospital, where AFUA is also located. WISEs offer to AFUA service users the opportunity to a pathway for socio-professional integration, that starts with 6 months training and can evolve into 2 years (maximum) of a regular work contract. The workers undergoing integration processes (13 in the 2 WISEs) are supervised by workers with more experience (2 in each WISE) and followed by AFUA psychosocial services. At the end of the 2 years, workers are hired by AFUA or (again) referred to employment public services. These WISEs are highly dependent on public funding and have weak ties with clients from the open market and with SME and other employers.

AFUA is part of the local network of social services and of national and international networks for mental health promotion. It involves also the work of 14 volunteers that help to support different needs (communication, financial accounts, occupational activities...). One of the main challenges of AFUA is to spread its services and activities out of the Hospital to pursue more effective social and professional pathways into integration of their target groups. Another challenge is to assure sustainability for the WISE attracting new customers.

AFUA WISE is an example of the most common model of WISEs in Portugal. Portuguese WISEs legal frame was created under a top down government politic that started in 1998. It establishes two kinds of support:

- a) technical - assessment of local needs; training management skills for social economy staff (that was never implemented in practice); recruitment and follow up of workers (usually in cooperation with WISEs promoters); job placement of workers at the end of the work contract.
- b) financial – subsidies 50% of the initial start-up investment (limited to 18 times the Portuguese minimum wage which represents approximately 3.750€); ensures a personal accident insurance and a grant to each trainee during the 6 months period of training; it contributes with 80% of the minimum wage plus social security tax for each worker under integration process; it offers a reward (12 times the minimum wage which represents approximately 5.000€) to those promoters which in the end hire works permanently.

WISEs are supported by the State for a maximum period of 7 years, in which they have to guarantee the maintenance of the established number of job places occupied by disadvantaged target groups in transition scheme (minimum 5 and maximum 20 workers for each WISE). This is as a compulsory requirement for funding.

The number of WISEs in Portugal has grown until 2004 (521), reducing gradually until 2007 (494). At that moment official public statistics stopped to account. In 2012 the State suspended applications for the creation of new WISEs, continuing to finances the ones previously approved.

Approximately 90% of the WISEs in Portugal are promoted by social economy organisations (recognized by the state as IPSS – Private Institutions for Social Solidarity) characterized by being State suppliers of social services with no culture of economic entrepreneurship or market oriented management skills. In this context most of the Portuguese WISEs became internal suppliers of services (catering, laundry, gardening, cleaning, etc.) to their own promoter organisations. These are generally IPSS who run nursing homes and several facilities for elder people, kindergartens or nurseries. In some cases, like AFUA, they are dependent on large public institutions such as a Hospital or a Municipality. One of the major problems of WISEs (particularly in the context of being part of a governmental policy) has been the absence of due evaluation, specifically regarding the follow up of the workers into the labour market.

Nevertheless a small part of Portuguese WISEs has achieved good results (demonstrated by their self-evaluation) in its expected role of promoting transition to the open labour market, as well as in increasing its orientation towards financial sustainability through market activities and more and better bridging with SME and other employers.

SOCIAL INNOVATION, SOCIAL ENTREPRENEURSHIP AND ENSIE

The [European Network of Social Integration Enterprises](#) (ENSIE) was present in the first project meeting through its coordinator Patrizia Bussi who launched a debate about the current European landscape of social entrepreneurship and social innovation. Starting from April 2011, with the Single Market Act, the EU began to support social entrepreneurship. In October 2011 this support was concretised with the "Social Business Initiative": an action plan at EU level in order to stimulate the establishment, development and growth of social enterprises. This support has recently also been translated in financial terms within the different EU funds.

Social enterprises are very often examples of "social innovation". This last term is relatively new, but the practice itself is not. There are many examples of social innovation throughout history, from kindergartens to hospices, and from the cooperative movement to microfinance. In fact, new concepts can be a window of opportunity to think about new ways to interact socially but it also demands us to be critically aware of current social and political changes (see box Social innovation in practice – Social Impact Bonds).

In other words, [social innovation](#) can designate an organised initiative of a variety of actors to tackle societal challenges when the market and public sector do not respond to these challenges in a suitable, sustainable and acceptable manner. It is about developing new forms of organisation and interactions between public, private and third sector actors and contributing to reshaping society in the direction of participation, empowerment and learning. It is also an expression of motivations and practical proposals to build alternatives to the *status quo*. In this sense, social innovation has the potential to be a political statement questioning current development models that engender social exclusion.

At the EU level social enterprises and social innovation are actively being promoted in several ways:

- The [EU 2020 Strategy](#) provides funds to create socially sustainable companies
- The [Social Business Initiative](#) encourages responsible businesses and facilitates social entrepreneurship
- The [EU programme for Employment and Social Innovation](#) (EaSI) funds social enterprises that can prove their positive social impact
- The [Common Strategic Framework 2014-2020 for EU's Cohesion Strategy](#) will target capacity-building of teams and finance instruments for social enterprises

It is a challenge for WISEs and other initiatives aimed at promoting social inclusion through work to assume a strategic position and benefit from these social innovation trends arising at European level. This is where [ENSIE](#) - a representative body of 24 national and regional networks, representing 16 European countries - can be of particular relevance. Its key actions are linked to the challenges that WISEs face throughout Europe.



SOCIAL INNOVATION IN PRACTICE: SOCIAL IMPACT BONDS

Social Impact Bonds are an instrument which is currently under debate in the USA and some European countries. Social Impact Bonds constitute a new approach to the funding of social services and social innovation, whereby governments contract with a private-sector intermediary to obtain these services and pay for them if (and only if) the intervention is successful. The intermediary obtains operating funds by raising capital from independent for-profit or philanthropic investors who provide up-front capital in exchange for a share of the government payments that become available if performance targets are met. The intermediary uses these operating funds to contract service providers who carry out the interventions required in order to meet the performance targets.

