

## A wave of social enterprise legal developments across Europe

The last two years have witnessed an increase in the creation and implementation of new legal frameworks for social enterprises.



By ESELA Posted 27/01/2017

The following is a very brief summary of social enterprise legal developments in 2015-2016:

### 2015

January: In **Denmark**, the Parliament passed the "Act on Registered Social Enterprises" in June 2014. As from January 2015, enterprises may be registered as such and receive an official seal of approval as a "registered social enterprise" from the authorities. Social enterprises must meet the following five criteria to be registered:

- Social purpose
- Significant commercial activity
- Independence of public authorities
- Inclusive and responsible governance
- Social management of profits.[1]

April: In **Croatia**, the government adopted the Strategy for Social Entrepreneurship Development, according to which a social enterprise is defined as: "a business activity based on principles of social, environmental and economic sustainability, where profits are entirely or partly reinvested towards the community well-being".[2]

July: In **Romania**[3], the Act No. 219/2015 on social enterprise was adopted in July 2015; this strengthens and completes the previous legal framework for social enterprises.

December: In **Italy**, the introduction of a new bill in the 2016 Stability Law made this country the second country outside the United States to allow companies to register as Benefit Corporations.[4]

### 2016

January: In **France**, over the summer of 2015, the government published the decrees necessary for the implementation of the law on social and solidarity economy according to which all legal forms may receive the ESS Enterprise status as of January 1, 2016.[5]

February: The **UK** has introduced a new statutory social investment power to clarify the law on the historically uncertain status of investments made by charities and social enterprises. The passage of the Bill could prompt charity trustees to take decisions where the benefit to the charitable objects and the financial benefit justify the investment. The Bill is a big step forward for social investment, and it may encourage further developments in the social enterprise sector.[6]

In the Autumn Statement 2016, the UK government announced further tax reliefs on social investment. It is estimated that the amount of investment in social enterprises benefiting from the social investment tax relief, will increase to £1.5 billion in 2017.[7]

October: In **Greece**, the Government submitted a bill before the parliament on the "Social and Solidarity Economy Law", in order to expand the scope of the 2011 law to include more legal forms[8].

November: In **Luxembourg**, the parliament adopted a new legal framework for companies having a social impact, called *d'impact social*. The purpose of the law is to formally recognize the specificity of the companies dedicating their activities to supporting people in fragile situations or contributing to the preservation or development of specific social or environmental projects, including the protection of the environment.[9]

December: In **Latvia**, the Saeima (Parliament of Latvia) adopted a proposal for the Social Entrepreneurship Law, which sets out a specific legal framework for social enterprises to be created in Latvia. The draft law is setting out the criteria for social enterprises to be registered in Latvia.



enterprise to include both for-profit and non-profit entities.

**Slovakia**<sup>[12]</sup> is currently in the process of drafting legislation on social enterprise laws. Under the recent operational programme 2014-20, the Ministry of Labour, Social Affairs and Family of the Slovak Republic launched a number of calls to support social enterprise development.

In **Malta**, while the Social Enterprises Act is still being discussed, a white paper on social enterprises was published. A memorandum of understanding was signed between the economy and social solidarity ministries in February 2017.

In the **Netherlands**, the Social And Economic Council of the Netherlands has been working on aligning Netherlands' policy with the trend towards social entrepreneurship in Europe at the request of the Minister of Social Affairs and Employment. It has published a list of recommendations to further the growth of the social enterprises.

The **Czech Republic** is working on a law regarding social enterprises. It will introduce a distinct 'social enterprise' category. The plan of the Government's Legislative Council envisages the development of a draft law and further discussions in June 2017<sup>[15]</sup>.

In **Estonia**, the coalition government has set as an objective to assist socially responsible enterprises in their development. It has established a public sector innovation task force, which would be dealing with public services, public procurement and entrepreneurship<sup>[16]</sup>.

It is promising to see these developments since the publication by ESELA of Social Enterprise in Europe. We hope that the conceptual framework will increasingly be used by policymakers to develop effective law which support dynamic growth.

[1] <http://socialvirksomhed.dk/en/about-social-economy-i-denmark/the-criteria-to-be-labelled-a-social-enterprise/>  
<http://socialvirksomhed.dk/assets/files/Studyvisit-22-11-2016-PerBach.pdf>

[2] [http://www.iap-socent.be/sites/default/files/Croatia%20-%20Vidovic%20%26%20Baturina\\_0.pdf](http://www.iap-socent.be/sites/default/files/Croatia%20-%20Vidovic%20%26%20Baturina_0.pdf)

[3] [http://www.labourlawnetwork.eu/national%3Cbr%3Elabour\\_law/national\\_legislation/legislative\\_development](http://www.labourlawnetwork.eu/national%3Cbr%3Elabour_law/national_legislation/legislative_development)

[4] <https://esela.eu/news/benefit-corporation-seminar-new-b-corp-legislation-business-italy-today/>

[5] <https://esela.eu/news/new-social-enterprise-law-comes-effect-france/>

[6] <https://esela.eu/news/new-statutory-social-investment-power-introduced-uk/>

[7] <https://www.gov.uk/government/publications/autumn-statement-2016-documents/autumn-statement-2016>

[8] <http://www.greeknewsagenda.gr/index.php/topics/politics-polity/6213-promoting-social-and-solidarity-economy>  
<http://www.cecop.coop/La-premiere-loi-grecque-sur-les-cooperatives-sociales-et-de-travail-associe>

[9] <http://www.gouvernement.lu/6526928/24-conference-societes>, <http://www.uless.lu/fr/activites/defendre/societes-sis>, <http://www.arendt.com/publications/pages/luxembourg-societal-impact-company.aspx>

[10] <http://www.saeima.lv/en/news/saeima-news/25449-saeima-conceptually-supports-law-on-social-entrepreneurship>

[11] <http://www.cecop.coop/Social-economy-enterprises-got-together-at-Plovdiv-Bulgaria>, <https://esela.eu/news/ministry-conference/>

[12] [ec.europa.eu/social/BlobServlet?docId=16376&langId=en](http://ec.europa.eu/social/BlobServlet?docId=16376&langId=en)

[13] [https://economy.gov.mt/en/public\\_consultation/Social%20Enterprise%20Act/Pages/Social-Enterprise-Act.aspx](https://economy.gov.mt/en/public_consultation/Social%20Enterprise%20Act/Pages/Social-Enterprise-Act.aspx)  
<http://www.independent.com.mt/articles/2016-04-09/local-news/Ministers-Cardona-and-Farrugia-sign-a-Memorandum-Understanding-related-to-Social-Enterprise-Act-6736156054>

[14] <https://www.ser.nl/~media/files/Internet/talen/engels/2015/2015-social-enterprises.ashx>, <https://www.socialeconomie.nl/files/6714/4181/6376/Opportunities.pdf>

[15] <https://esela.eu/news/concept-new-law-social-entrepreneurship-czech-republic/>

[16] <https://valitsus.ee/en/raising-incomes-and-promotion-entrepreneurship>



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