

Action Plan for Social Economy in Poznań



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Social Economy in Poznań

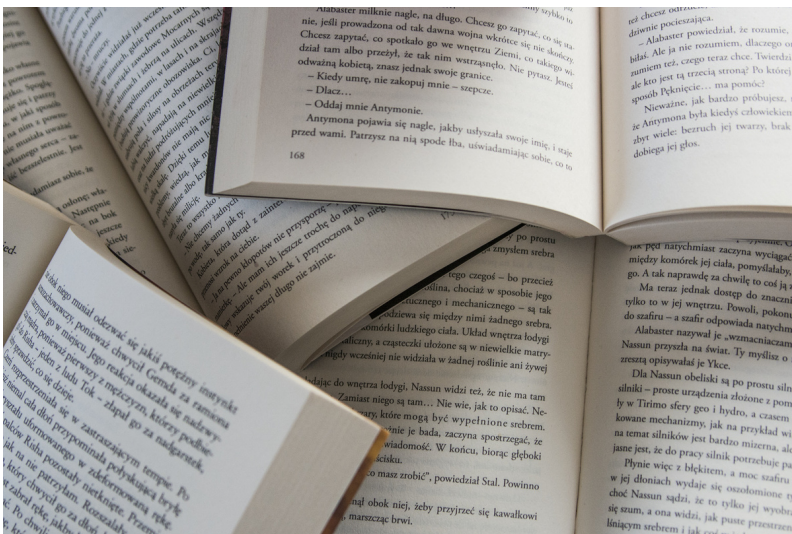
Action Plan for development of Social Economy in Poznań



The Local Action Plan of City of Poznań addresses the challenges of improving the awareness on the beneficial impact of social economy, skill enhancement of the business development support, access to public procurement processes, new business models, and strategies for growth to create a positive change within the local communities. In addition, the Local Action plan is to provide suggestions for improvement of relevant policies, improve access to funding, training, and education, and enable engagement of multiple stakeholders in policy development.

What is Social Economy?

Social entrepreneurship is nowadays almost a trendy word, but what does it actually mean? In reality, there are various definitions of social entrepreneurship - as the Wikipedia definition claims, „social entrepreneurship is an approach by individuals, groups, start-up companies or entrepreneurs, in which they develop, fund and implement solutions to social, cultural, or environmental issues. This concept may be applied to a wide range of organizations, which vary in size, aims, and beliefs”.



The Polish model of social economy, in turn, is guided by the principles of a social market economy, referring to the Constitution of the Republic of Poland, where Chapter 20 includes the principle of "social market economy" as the basis for shaping the political system of the Republic of Poland. The social economy should be located in the space of the market economy, however, in that part of it which is characterised by high socialisation. We are talking here about the foundations of the Republic's political system, which are social justice, economic freedom (meaning freedom "to" rather than freedom "from", wide access to property) and dialogue and multi-partner cooperation. The essence of this message is to build a political system in Poland which, by being rooted in the tradition of Christian thought, will not generate social exclusion, also in the context of people of a different nationality or even from a different cultural context coming to the country.

One of the essential pillars of the idea of a solidarity economy is the fundamental belief in the importance of work in human life. It is something that defines, builds man and his humanity.

Work must be restored to its creative character and the unconditional priority of the person over the products of work and possession must be recognised. One who treats work objectively sees it in the aspects of products, judges work and the person who performs it according to its monetary and service aspects. Such a person looks for work that brings the highest material rewards and opens the way to career and social prestige. To judge a man-worker according to what he produces is to put the object ahead of the person. In this case, a person is given dignity according to the place and type of work. People judge themselves, not according to who they actually are, but according to where they work, what they produce, how much they earn.

On the other hand, one who treats work subjectively sees its essence, not in the multiplication of possessions, but in the fact that it is a factor of personal development and the basis of dignity.

The purpose of a social enterprise is not simply to make a profit, nor can profit be the sole regulator of enterprise life. The people working in it should form a community and be a special group serving the whole of society.



It is an injustice that very many people do not have enough to live in conditions corresponding to the dignity of the human person. The solution is not to redistribute wealth from the rich to the poor, but to include the poor in the 'circle of exchange of goods and services'

The social economy appeals much more strongly to the idea of human cooperation than mainstream economics. It is not so much about the benefits arising from the division of labour or increased efficiency of work carried out together, let alone the benefits arising from the use of cheap labour, but about a real community of work. Working together is not only about economic gain, but also about the possibility of raising the moral and intellectual level of people working together, and this ultimately promotes social

development and a fuller human development, guaranteeing the preservation of dignity and the possibility of moral improvement.

Although the concept of the social economy refers to the provisions of the Polish Constitution, where it is accepted that the basis of the political system of the Republic of Poland is the **"social market economy"**, in the past Poland has focused on the development of the market economy, leaving aspects of the "social economy" underdeveloped. The development of the infrastructure of market enterprises and individual profit (often at the expense of social development) dominated the Polish scene of freedom development.

Social Economy in Poland

During the post-1989 transition period, countries with centrally managed economies faced decisions to choose the concept of future economic order.

The concept of a **social market economy**, enshrined in the Polish Constitution, did not live to see actual implementation in Poland during the transition period. It turned out that the solutions adopted after 1989 in Poland shaped a market system that produced growing social inequality and led to the marginalization of significant social groups. The free market has not been able to reverse on its own the negative trends of threats we see today, not only in Poland, but also worldwide.

These include the increasing in recent years:

- **migration,**
- **refugeeism,**
- **widening income and wealth disparities in societies,**
- **the presence of a large population of people living in poverty,**
- **the serious scale of addictions,**
- **depression**
- **mental crises**
- **passivity.**



Legislation

The social economy developed in Poland first in response to the crisis and the need to find solutions to the difficult social and economic situation of the transformation period, and then, based on the social economy legal system, which consists of **the Act on Social Employment, the Act on Vocational and Social Rehabilitation and Employment of Disabled Persons, the Act on Public Benefit Activity and Volunteerism, the Act on Social Cooperatives and the Act on Public Procurement Law and the last one, the Act on Social Economy.**

The Social Economy Act

The Act, adopted in 2022, regulates, among other things:

- the organisation and principles of operation of a social enterprise;
- rules for obtaining and losing the status of a social enterprise and supervision of a social enterprise;
- instruments to support a social enterprise;
- principles and forms of support for the development of social enterprise by public administration bodies.

The Act lists social economy entities: social cooperatives, occupational therapy workshops, occupational activity establishments, social integration centres, social integration clubs, labour cooperatives, non-governmental organisations, religious legal persons and organisational units, associations of local government units, joint-stock companies, limited liability companies and sports clubs that are companies - which do not operate for profit and allocate their entire income to the realisation of their statutory objectives and do not allocate their profit for distribution among their shareholders, shareholders and employees.

The Act regulates in detail the principles of a social enterprise:

- ☐ carries out paid public benefit activities, economic activities or other activities of a paid nature;
- ☐ the State Treasury, a local government unit, a state or local government legal person or a natural person does not have control over it, i.e. decisive influence. Social cooperatives established by legal persons are excluded from this condition;
- ☐ activities serve local development and aim at: social and professional reintegration of persons at risk of social exclusion or implementation of social services;
- ☐ employs at least 3 persons on the basis of an employment contract or a cooperative employment contract of at least ½ full time;
- ☐ at least 30% of the total number of employed persons must be persons threatened by social exclusion, employed at least ½ full time (concerns a social enterprise operating with the aim of social and professional reintegration of persons threatened by social exclusion);
- ☐ for each employed person at risk of social exclusion for whom a workplace has been created with grant support, must develop and implement an individual reintegration plan;
- ☐ has a consultative and advisory body which includes all persons employed in that enterprise (or at least 3 when there are more than 10 employees);
- ☐ does not distribute its profit or balance sheet surplus to its members, shareholders or employees.



Social Employment Act

The Social Employment Act was enacted in 2003. The intention of the Act was inspired by the activities of the Barka for Mutual Help Foundation, which ran educational and vocational workshops for people at risk of social exclusion in Poznań.

The Act regulates the creation and operation of Social Integration Centres and Social Integration Clubs.

Act on Vocational and Social Rehabilitation and Employment of Persons with Disabilities

The Act passed in 1997 regulates, among other things, the creation and operation of reintegration entities dedicated to persons with disabilities: Occupational Activity Establishments and Occupational Therapy Workshops.

Act on Public Benefit Activity and Volunteerism

The Act on Public Benefit Activity and Volunteerism is an act of systemic importance for the functioning of civil society in Poland. The Act regulates, inter alia, the principles of conducting public benefit activity by non-governmental organisations in the sphere of public activities and cooperation of public administration bodies with non-governmental organisations.



The Act on Social Cooperatives

The law enacted in 2006 sets out the rules for the establishment, operation, merger and liquidation of social cooperatives. According to the Act, the object of a social cooperative is to run a joint enterprise based on the personal work of its members and employees. The purpose of a social cooperative is the activity for the social and professional reintegration of the members and employees of the cooperative.

Public Procurement Law

Provisions have been introduced in the Act to enable the implementation of so-called socially responsible procurement. Socially Responsible Public Procurement refers to phases of public procurement that take into account one or more of the following aspects: promotion of decent work, respect for human rights and labour law, support for social inclusion (including people with disabilities), social economy and SMEs, promotion of equal opportunities and the principle of 'accessible and for all', inclusion of sustainable criteria along with consideration of fair and ethical trade while respecting the principles of the Treaty and the Public Procurement Directives.

A tool to achieve social objectives are the so-called social clauses in public procurement:

- Art. 94 (so-called reservation clause)
- Art. 96 (so-called employment clause).

Social Economy in Poznań

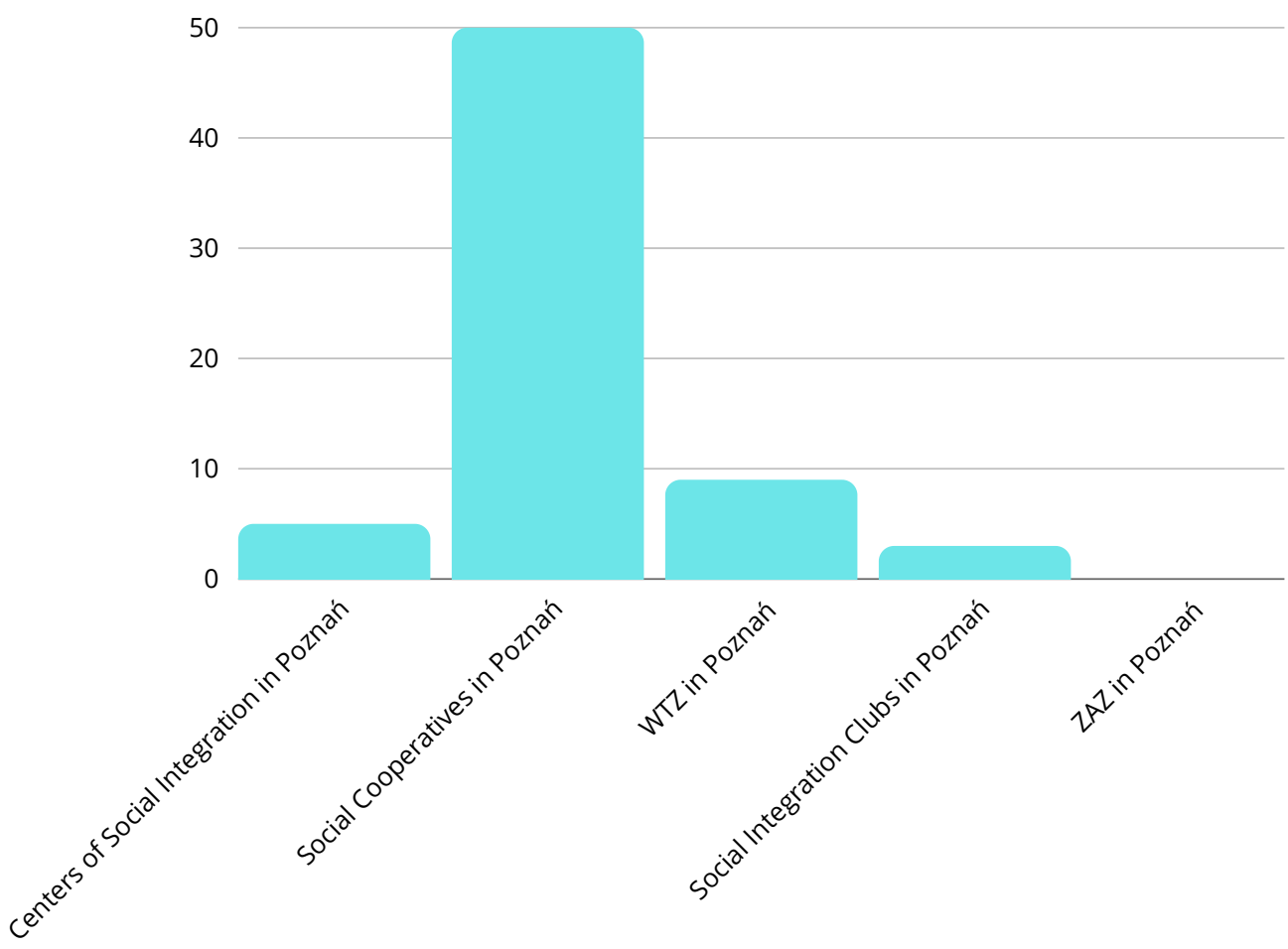
An established **local partnership** can contribute to counteracting social exclusion in local communities. On the basis of a naturally formed community, issues of justice, equality, solidarity and responsibility towards others become possible to consider. Without recognition of the **importance of community**, there is a tendency to treat society as a collection of individuals who, not being rooted in community, do not represent the common cause, the common good. If only a community of interest functions, the community ends when interests differ.

However, a person cannot develop outside the community (family, neighbourhood, local, professional, municipal, district), which influences the formation of the members' personalities, and they in turn influence the community by shaping its social capital.

This approach builds members' responsibility for community affairs and fosters self-organisation and entrepreneurship.

The City of Poznań, with an area of **262 km²**, a population density of **2,042 people per 1 km²** and the fifth largest population in the country (**534,813** people living here in 2020), is not conducive to building local partnerships. It is difficult to compare the ability to form neighbourhood ties and build relationships between institutions to local authorities several times smaller.

Nevertheless, compared to other large cities, the activities of social economy entities have developed very well in Poznań. According to the National Court Register, there are 3,932 registered associations and foundations, but in fact about 1,500 are in operation. There are 9 Occupational Activity Centres in the Wielkopolskie Voivodeship, and another one is to be opened in Poznań.



There are **9** Occupational Therapy Workshops (WTZ) in Poznań with a total of approximately **330** participants.

There are **3** Social Integration Clubs run by: Municipal Family Welfare Centre, Social Emergency Association and AKME Foundation.

In Poznań, there are **5** Social Integration Centres, and nearly **50** social cooperatives, including one created by the City of Poznań (Poznanianka).

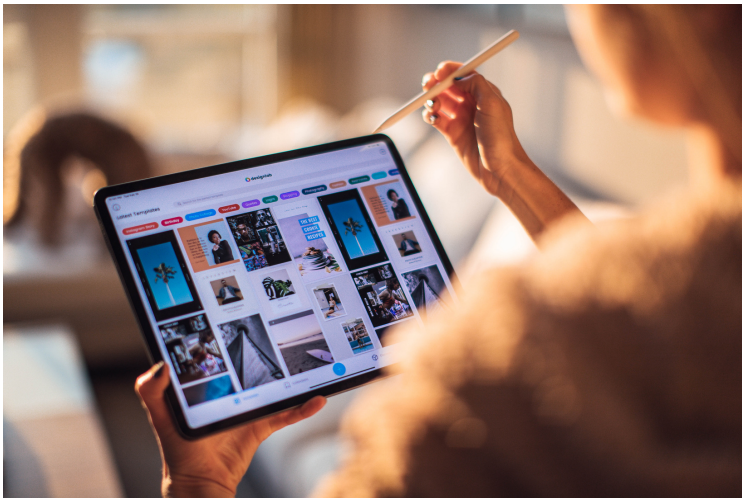
Activities carried out in Poznań related to social economy:

The City of Poznań conducts a number of activities to support the development of NGOs and social economy:

- ☐ Every year, the Annual Programme of Cooperation with NGOs is adopted by a resolution of the Poznań City Council, which is created in a participatory manner,
- ☐ Poznań Council for Public Benefit Activity, which is composed of 11 representatives of NGOs, 4 representatives of the Mayor of the City of Poznań and 4 councillors of the City Council.
- ☐ Commissions for Civil Dialogue which have the character of initiative and advisory bodies.
- ☐ Team for the development of housing policy for NGOs and social economy entities.
- ☐ Poznań Centre for Support to Non-Governmental Organisations and Volunteering. Its service is outsourced by the City to NGOs.
- ☐ Social Economy Workshop Ładne Rzeczy, where meetings, workshops, seminars, networking and educational activities are organised.
- ☐ The City of Poznań commissions non-governmental organisations to implement tasks in the field of public benefit activity in the mode of open competitions of offers or in the non-competition mode, including in 42.2% in the form of support and in 57.8% in the form of entrustment (2021).
- ☐ The Board of Communal Housing Resources launched the Social Tenancy Agency in 2023.

Action Plan for development of social economy in Poznań

#1 Continuation of cooperation between the City of Poznań and the Barka For Mutual Help Foundation in terms of running a social economy support centre - Wielkopolskie Centrum Ekonomii Solidarnej (Wielkopolska Centre of Solidarity Economy)
#2 Strengthening cooperation between social economy entities and business.
#3 Make more frequent use of instruments supporting social enterprises
#4 Transforming the Municipal Family Welfare Centre into a Social Services Centre
#5 To involve refugees from Ukraine and other countries to a greater extent in the activities of ES actors in Poznań.



#1 Continuation of cooperation between the City of Poznań and the Barka For Mutual Help Foundation in terms of running a social economy support centre - Wielkopolskie Centrum Ekonomii Solidarnej (Wielkopolska Centre of Solidarity Economy)

Since 2008, the Wielkopolska Centre of Solidarity Economy has been an institution aimed at supporting the development of the social economy, focused on animating local partnerships and supporting: local leaders, people at risk of social exclusion, social economy entities, initiative groups and social enterprises.

Since 2018, the Hipolit Cegielski Wielkopolska Centre for Solidarity Economy has been run in partnership with the City of Poznań. The activities of WCES are financed from European Union and national funds.

The area of the Centre's activities territorially includes:

- the City of Poznań,
- Oborniki district,
- Śrem district,
- Środa Wielkopolska district,
- Szamotuły district,
- Poznań district.



WCES has directly supported the creation of more than 500 job places in social enterprises, which were established thanks to the Centre's support or developed their activities by taking part in one of several hundred training courses. The activities of the WCES are also strongly connected with building local partnerships and animating socially responsible environments, which, thanks to broadened knowledge and greater awareness of the processes taking place, begin to shape local social policy from the bottom up, not only introducing new solutions into its framework, but often, completely remodelling it.

The City of Poznań implements its activities in WCES through the **Ładne Rzeczy Workshop**. The Workshop is largely an exhibition and training point where social economy entities can find space to present their products. The Workshop also organises a number of social economy events such as presentations of the mentioned products and services of social economy entities, meetings and workshops on social economy topics.



Ładne rzeczy
PRACOWNIA
EKONOMII SPOŁECZNEJ

The continuation of these activities is essential for the further development of social entrepreneurship in Poznań. It is worth noting the need to network and build mutual relations among the often competing entities. The role of the city is to manage the resources of organisations and effectively promote their know-how, potential and manufactured products and services.

In this respect, cooperation should be strengthened over competition and mutual complementarity in the provision of services and products over rivalry.

As part of the **WCES**, the City of Poznań carries out educational classes on **social economy** in Poznań schools and also runs educational workshops at the Workshop Ładne Rzeczy.

Education on social entrepreneurship and civil society can take place both within and outside formal education. Although an educational programme, has been developed and schools have access to it, and knowledge in the area of social economy, can be taught by a teacher - e.g. in mathematics, history or even entrepreneurship lessons, but activities on this topic are rarely addressed in schools. Meanwhile, it should be emphasised how important a tool for the dissemination of the social economy is to include it in formal education (i.e. primary, secondary and higher education). Education on the social economy has an intrinsic educational value that stimulates the important and often sensitive strings of social co-responsibility in young people. Activities in the area of social economy education should be developed and intensified in the City of Poznań - both at primary, secondary and university levels.

Participants	City of Poznań, primary schools, secondary schools, public and private universities, community centres
Cost	50 000 € (funded by EU)

#2 Strengthening cooperation between social economy entities and business.

The concept of corporate social responsibility is still little known in Poland. The business sector in Poland has been developing for more than 30 years, which has resulted in the sector focusing mainly on profit maximisation. There are still few business representatives in Poland who are involved in social development and who talk about sustainable development as a source of opportunities, innovation and competitive advantage for companies, and not as a noble deed, additional cost or enforced obligation. There is a need to continue the public debate with business in order to shape the sector's understanding of a more socialised economy, which is already so popular in Europe and other regions of the world. Employers do not yet have sufficient knowledge of social economy institutions. Neither the mission of civic organisations nor the spectrum of activities of Social Integration Centres, Social Integration Clubs or the specifics of social cooperatives, Vocational Activity Establishments are sufficiently known. Consequently, forms of cooperation between social economy institutions and commercial enterprises are underdeveloped, and sometimes these initiatives are still perceived as competitive.



The business community should understand that social enterprises are not unfair competition for commercial companies - rather, they are a way of solving social problems using mechanisms that business finds effective. People in difficulty need not be a problem or a burden in the local environment, but can become consumers and collaborators in building new socio-economic relationships.

In this area, the expected activities are: initiating and facilitating cooperation between organisations and private entrepreneurs, integrating the offer of social enterprises into business thinking about their potential, integrating social enterprises into the business supply chain, developing employee volunteering in enterprises, developing social investment (**venture capital**) in social enterprises and other forms like mentoring by companies for social enterprises, pitching sessions for the social economy, joint implementation of projects. An example of this is a joint social investment that involved 7 entities from the business sector - the construction of the Tomek Sadowski multi-purpose pitch in Barka. Through the support of the investment and the subsequent participation of the teams in a football tournament, bonds and trust were built, which is already resulting in a desire to cooperate and participate in further projects.

Cost	regular matchmaking events – 1000 €
Participants	City of Poznań, local social enterprises, business

#3 Make more frequent use of instruments supporting social enterprises

The public entities of the City of Poznan make too little use of the instruments supporting PES and PS.

The great progress that the City of Poznan has made is the introduction of public procurement regulations: **"Regulations for the application of social clauses and social criteria in public procurement procedures"** and **"Regulations specifying the minimum requirements applicable to the award of public contracts with a net value below PLN 130,000.00"**.

These regulations introduce the possibility of applying social clauses in all departments of the City Council. This is a significant step towards including social economy entities in the City of Poznań's procurement market. However, there is still a noticeable need for more emphasis on the application of this mechanism for ordering services and products. The problem stems from the fact that only in the case of contracts for services and construction works is this clause mandatory ("employment" clause). In other cases, the clauses are optional. This leads to an unsatisfactory intensity of application of this mechanism.

Another mechanism used, described in the aforementioned regulations, is the obligation for the contracting authority to make an enquiry to at least 3 entities, including at least 1 social economy entity from the database (developed with the support of WCES). As in the previous case, the use of social clauses is only recommended, which does not introduce universality for this solution.



Meanwhile, **standing orders** from public institutions can fundamentally affect the financial stability of social economy entities and social enterprises.

In order for these initiatives and legal solutions to have a significant impact on improving the situation of the entities, it is also necessary to raise the awareness of officials in this area, through training and getting to know specific social enterprises operating in the local environment. Then, not only **City Hall** departments, but also municipal companies, city units and all city institutions will be included in the circle of entities aware of social economy issues and constituting a stable market of orders for social economy entities in the City of Poznań.

Currently (as of 2021), the City of Poznań purchases services from **27** social economy entities or social enterprises, for a total amount of PLN **1,355,306.98**.

Cost	0
Participants	Poznań City Hall, municipal companies, municipal entities

#4 Transforming the Municipal Family Welfare Centre into a Social Services Centre

Socio-social problems cannot be solved through traditional social policy based on the distribution of funds from the state to social welfare beneficiaries. Firstly, because it requires a significant outlay of resources, and in Poland anyway these resources have historically always been very modest and have placed social welfare beneficiaries below the poverty line. Secondly, traditional social policy only slightly mitigates the social effects of the self-destructive action of the market, but does not lead to the elimination of their causes.

On the basis of the **Act of 19 July 2019 on the Implementation of Social Services by a Social Services Centre**, a great systemic change is taking place in municipalities across Poland by transforming the traditionally shaped action of social assistance centres into an action that covers many more people as well as many more areas.



According to the description of a Social Services Centre found on the website of the Ministry of Family and Social Policy -

"Social Services Centres are new organisational units of the municipality and a new institution of local social policy, which is to serve the development and integration of social services organised and provided at the local level. Social service centres are also a source of complete information about social services. The created programme of social services can be addressed to individuals, families, social groups, groups of inhabitants with specific needs or the general population.

The centres can also host activities targeting entire local communities and aimed at integrating residents and increasing social cohesion. A community organiser is responsible for the implementation of these activities. In this way, individual social service plans will include not only social services, but also freely available support activities of a self-help and voluntary nature, carried out by the residents themselves - e.g. neighbourhood help."

Art.14.1.6 of the aforementioned Act explicitly mentions the principle of subsidiarity to be followed by the CUS:

"having regard to the needs of the local government community, it shall take measures to expand the offer of social services, using the potential of entities providing social services in the area of the centre's operation (principle of subsidiarity)."

In this way, **Social Services Center (CUS)** becomes a commissioner and creator of the local social service market, which naturally expands, widening its audience as well. CUS is thus at the centre of a construction based on various entities working for the benefit of the local community. CUS purchases services from such entities as Social Integration Centres, the Vocational Activation Centre (work on the establishment of a Vocational Activation Centre in the city of Poznań is still in progress), Occupational Therapy Workshops, and finally all social enterprises.

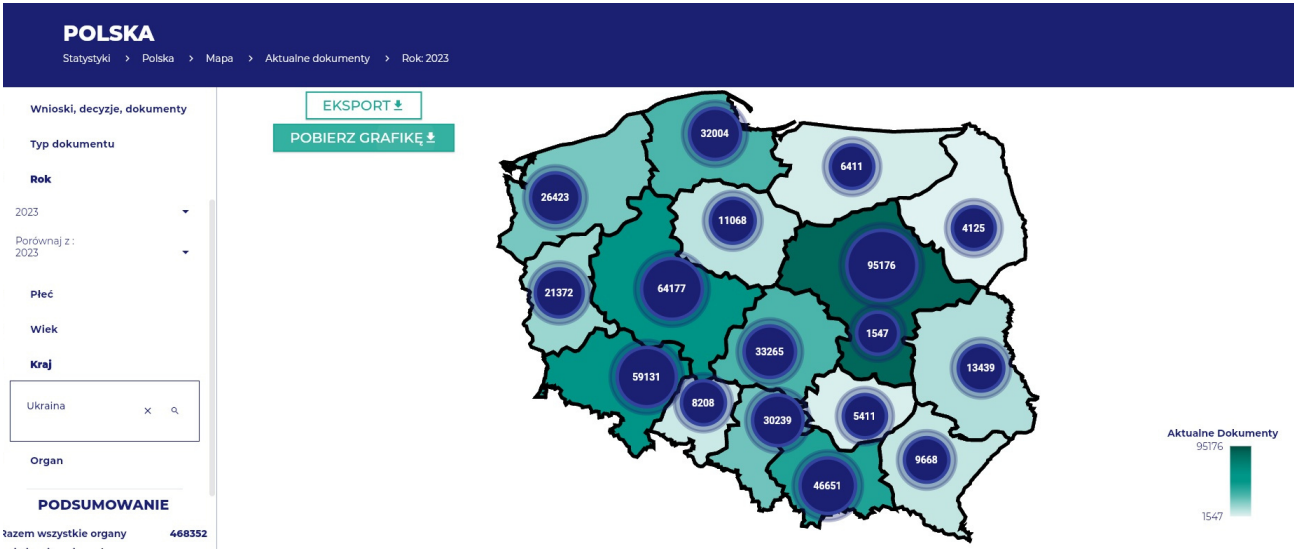
Cost	depends on budget, funded by EU
Participants	City of Poznań, City Centre for Family Support

#5 To involve refugees from Ukraine and other countries to a greater extent in the activities of ES actors in Poznań.

There are currently 64 177 refugees in Wielkopolska (based on data from www.migracje.gov.pl). Many of them arrived in Poland after the Russian aggression against Ukraine, i.e. about 1.5 years ago.

A large stream of emergency aid, food vouchers, collective accommodation, social benefits, housing subsidies, access to crèches and kindergartens and schools has been directed to support refugees from Ukraine.

Some have been taken on to work in companies on the open labour market, while others continue to receive only emergency assistance. The Barka Foundation and other entities additionally offer Polish language courses, toddler and senior clubs, vocational training and adaptation to the Polish labour market in Social Integration Centres, internships in companies and social enterprises and preparing them to set up social enterprises with the support of WCES, which offers training, business and marketing advice, mentoring and financial support.



So far, social economy tools are not sufficiently promoted as instruments to enable traumatised people in Ukraine to support their re-entry into the labour market.



A Social Rent Agency has also been established in Poznan, which in cooperation with civic organisations and social enterprises can provide a sense of secure and stable living until the end of hostilities in Ukraine.

Action should also be taken to prepare the ground in local communities in selected localities in Ukraine for the piloting of social economy solutions. **The experience of the City of Poznan** and Poznan civic organisations in including people with experience of social exclusion and people from Ukraine, should be considered as an extraordinary resource in this regard, for the development and reconstruction of local governments and communities after the war crisis.

Cost	0
Participants	City of Poznań, Management of Communal Housing Resources, Social Integration Centres, civic organisations

Action Plan for Social Economy in Poznań

September 2023



