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# Promoting social economy in emergent EU countries: Potential of the social economy in Slovakia

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2019

# Topics

- Phases of the social economy development in Slovakia
- Current situation and the legal extension of the social economy
- Background analysis and potential of the social economy
- New trends of the social economy growth

# Phases of the social economy development in Slovakia

- 1990 – 2000 *Development of the democratic and civic society*
- 2000 – 2010 *Integration into European structures and implementation of the social economy*
- 2010 – 2019 *Current economic development and establishment of the social economy*

# 1990 – 2000

## Development of the democratic and civic society

- Background of the 40 years of communism - centrally oriented economy, limitation of the free market law, private ownership and the business environment, but also civil rights on the grounds of the absence of democracy
- Production cooperatives of the disabled – the tool of communism
- 1989 – the change in society, the change of legislation
- State employment policy in Act No. 387/1996 Coll. on Employment
- Non-profit sector based on the civic rights started to develop

# 2000 – 2010

## Integration into European structures and implementation of the social economy

- Ideas of the social economy penetrated to the territory of Slovakia
- 2004 – European Union integration
- Act No. 5/2004 Coll. on Employment Services – sheltered workshops
- Decline of the cooperatives – especially production cooperatives
- Initiative EQUAL - integration of the long-term unemployed and social disadvantaged groups into the labour relations
- 2007 – first pilot projects of social enterprises established
- 2008 – definition of *social enterprise* within the Act no. 5/2004 Coll. on the Employment services
- Academic research of social economy

# 2010 – 2019

## Current economic development and establishment of the social economy

- Strengthening the non-profit sector
- Facing barriers with establishing social enterprises
- No clear vision of social enterprises
- 2013/2016 - amendments to the Act No. 5/2004 on Employment services
- 2018 - *Act No. 118/2018 on Social Economics and Social Enterprises* – enhanced definition of social enterprise and social economics
- Regional centres of social economics

# Act No. 118/2018 on Social Economics and Social Enterprises

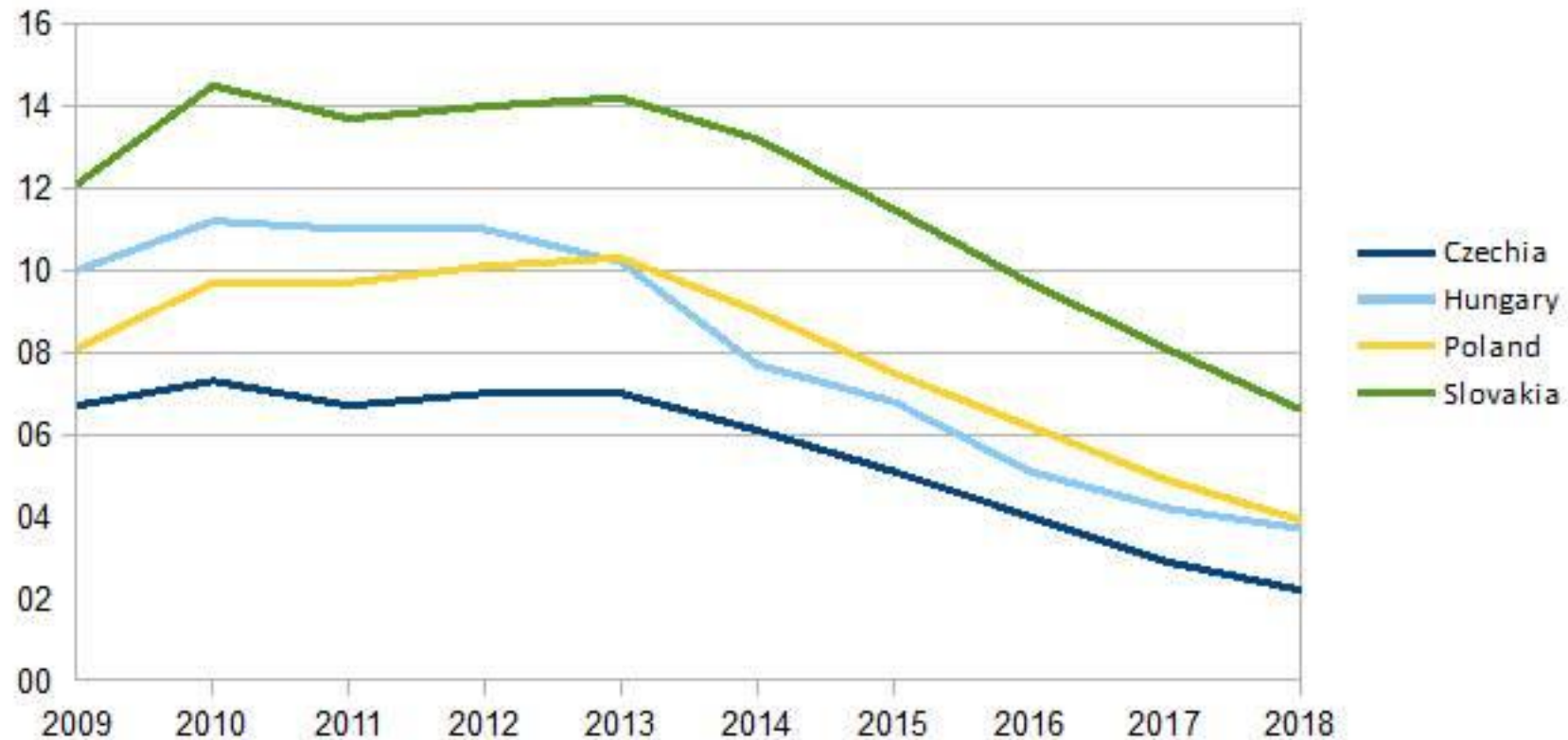
- §3 - *The social economics* is defined as the sum of productive, distribution or consumer activities carried out through economic activity or non-economic activity independently of the state authorities whose main objective is to achieve a positive social impact.
- §4 - *The subject of the social economics* may be a civil association, a foundation, a non-investment fund, a non-profit organization, a special purpose church facility, a trading company, a cooperative or an individual person - an entrepreneur who is an employer.

# Act No. 118/2018 on Social Economics and Social Enterprises

- §5 - The *social enterprise* is a subject of the social economics,
- (a) that carries out an economic activity continuously, separately, in its own name and on its own responsibility
- (b) the main objective of which is to achieve a measurable positive social impact;
- d) 1. earns profit from its activity and it uses more than 50% of after-tax profit to achieve the main objective under b)  
2. involves interested persons defined by this Act to the management of his economic activity.

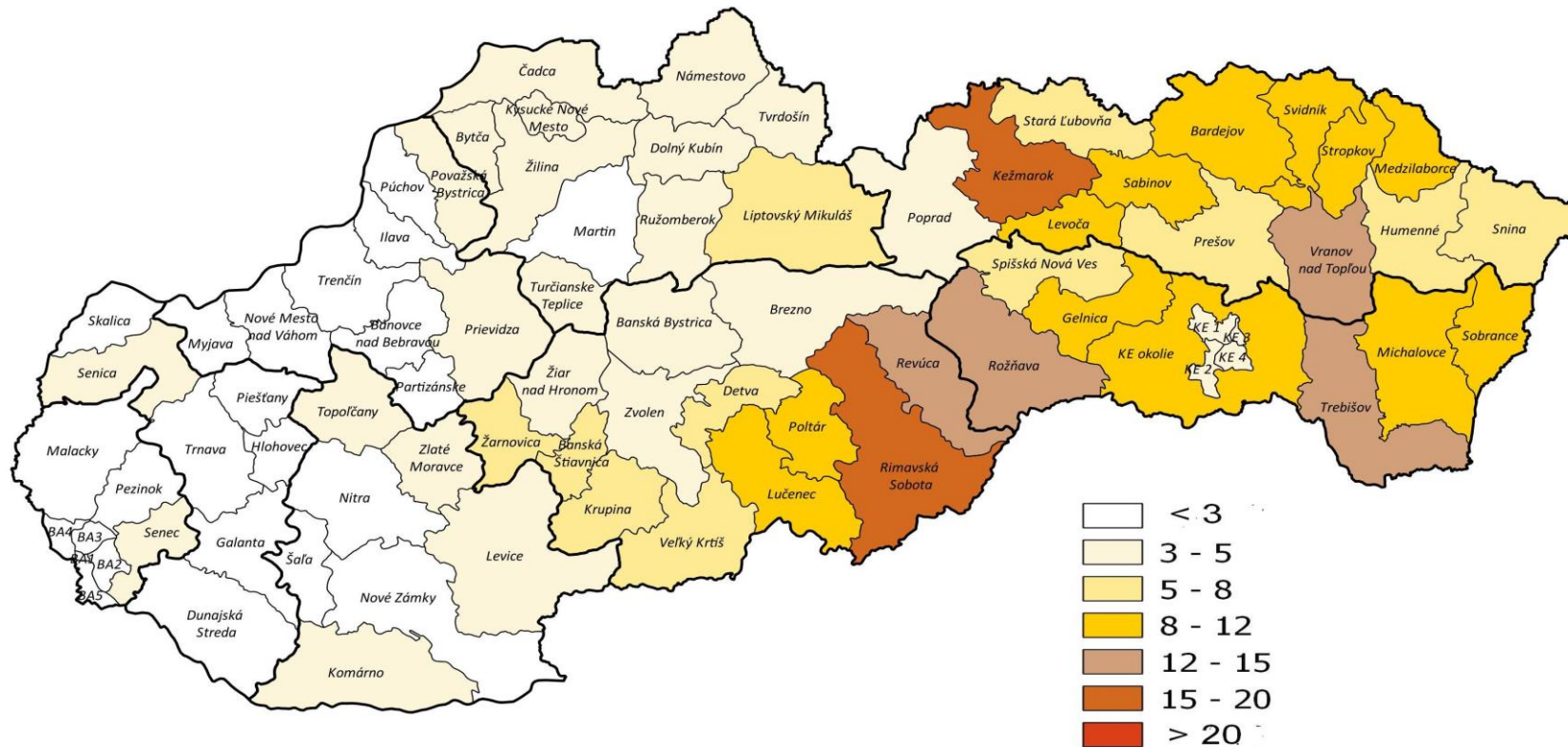


# Unemployment rate in V4 countries (% of active population)



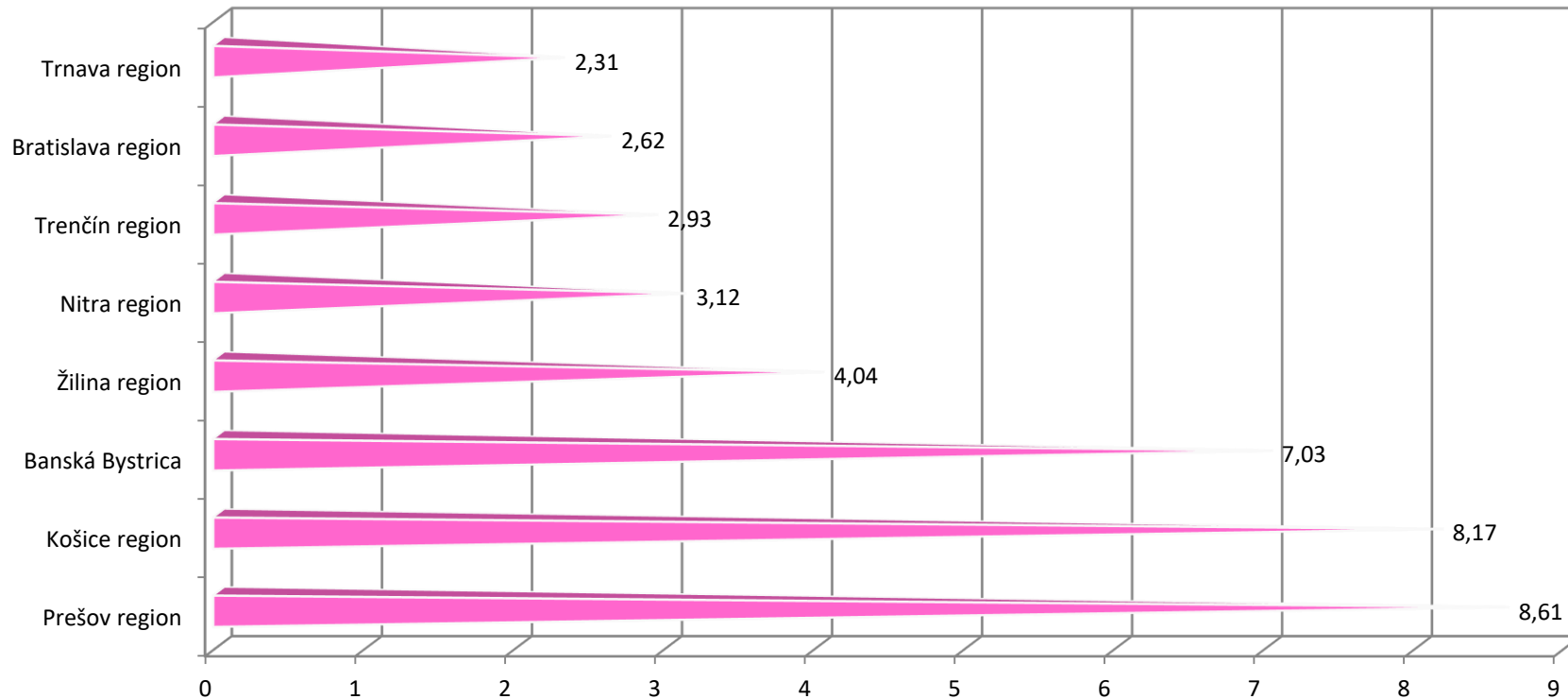
Source: Eurostat, 2019

# Unemployment rate in Slovak districts ( %, LAU 1, December 2018)



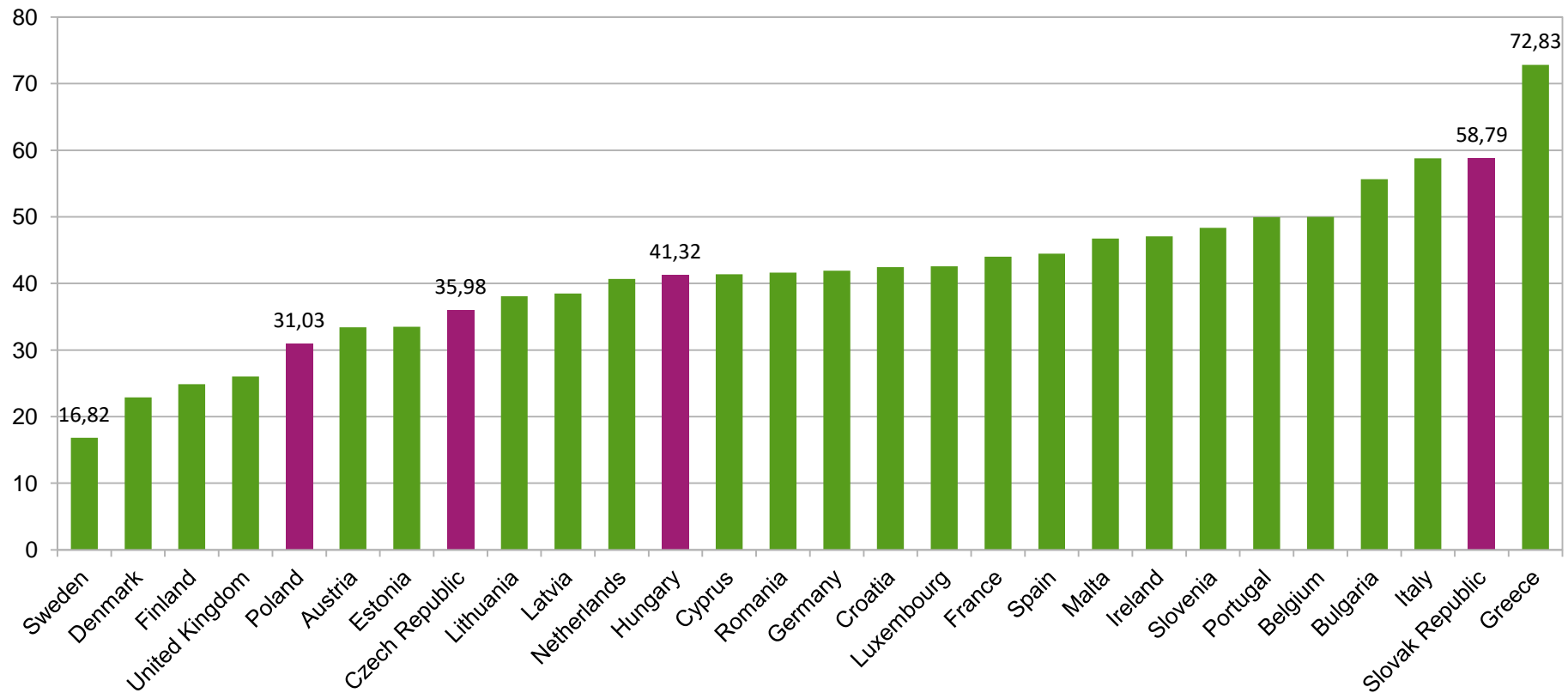
Source: Central Office of Labour, Social Affairs and Family, 2019

# Regional disparities of unemployment in Slovakia (%, NUTS 3, 2018)



*Source: Central Office of Labour, Social Affairs and Family, 2019*

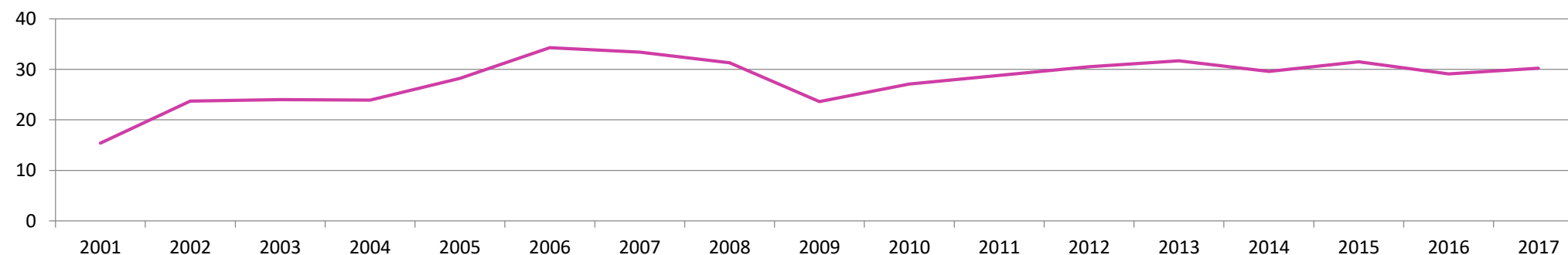
# Long-term unemployment rate in EU28 (% of unemployed, 2017)



Source: OECD, 2019

# Average duration of unemployment in Slovakia (in months)

Time/ country	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Slovakia	15,4	23,7	24,0	23,9	28,2	34,3	33,4	31,3	23,6	27,1	28,8	30,5	31,7	29,6	31,5	29,1	30,2



Source: OECD, 2019

# Municipal social enterprises

- They **help** locally **to own groups of disadvantaged citizens**, especially in the regions and districts with the higher unemployment rate.
- The main business activity is mostly manual work performed on the basis of simple training.
- Painting work, gardening, production of wood products, eco-fuel production, provision of cleaning services, waste companies.



# Spišský Hrhov – municipal social enterprise



Source: web page of the village Spišský Hrhov



# Jasenov



Source: Facebook „Jasenovský hrad“, 2018-2019



# Thank you for your attention.

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