

# Introduction to the 3rd sector in Italy: the specificity of social cooperatives

History, data and trends

Roma, 2 aprile 2012



# Third sector evolution

- “ Law 266 of 1991 . voluntary association
- “ Law 381 of 1991 . social cooperatives
- “ Law 383 of 2000 . social promotion association
- “ These 3 types are the base of the %Third sector Forum+
- “ Law 118 of 2005 . social enterprise (are they third sector?)
- “ Free and not recognised associations (they exist always and they belong also to the Forum)
- “ Mutual association (they are compared to cooperatives)
- “ Foundations they grow up in the last years for different purpose
- “ Onlus: Fiscal category . Dlgs 460 of 1997

# SOCIAL COOPERATIVES

- “ the social enterprise concept was used in Italy earlier than elsewhere
- “ social enterprises account for a long history and significant development, promoted by groups of citizens, given the limited supply of and growing demand for social services
- “ intense legislative activity: law on social coops (1991) and law on social enterprise (2005-2007)
- “ first social enterprises were set up in Italy at the end of the 1970s
- “ most of these organizations were set up through the cooperative form



# Some data

During the 1990s social cooperatives registered an extraordinary growth. In 2009 (Unioncamere, 2009):

- ” 13,938 social cooperatives, (Type A and type B)
- ” 304,645 people employed
- ” more than 30,000 disadvantaged workers integrated
- ” more than 3,500,000 users
- ” social enterprises provide between 70 and 80% of social services
- ” 67% of the revenue of Italian social cooperatives derives from local public authorities (71% for A-type and 54% for B-type social coops)

# Key factors explaining the growth of SES in Italy/1

Starting from social and voluntary engagement:

- “ social enterprises developed as voluntary responses to social needs
- “ also when supported by public resources, SEs continue to be voluntarily promoted by groups of citizens
- “ link to the voluntary movement
- “ promotion of the Third sector Forum



# Key factors explaining the growth of SES in Italy/2

- ” Acknowledgment of social enterprises
- ” legal recognition: in 1991 Law 381 recognized social cooperatives ex-post

Intense research activity, important:

- ” to assess the importance/impact of the sector
- ” for lobbying purposes
- ” public contracting
- ” contributed to create new markets
- ” recognized the entrepreneurial character of the new initiatives

# Key factors explaining the growth of SES in Italy/3

Decentralization in 1990s transfer to the regional and local administrations of:

- “ responsibility of delivering social services
- “ possibility to delegate the provision of these services to private providers

Beneficial tax arrangements:

- “ the added value of social enterprises is recognized in Italy in both its laws and Constitution
- “ A type social coops charge nil rate or 4% VAT
- “ disadvantaged members integrated by B type social coops are exempted from payment of national insurance contribution



# Key factors explaining the growth of ses in Italy/4

- “ multi-stakeholder membership also if the mix of members is not compulsory
- “ 69.7% of Italian SEs have a multi-stakeholder membership
- “ 33.8% of SEs have a multi-stakeholder governance
- “ the main model consists in memberships involving volunteers and workers (37.9%)



# Social cooperative and social enterprises

The Parliament in 2005 (in 2006 and 2008 some regulations) introduced a more general law on Social Enterprise. It:

- “ allows to establish SEs through a plurality of legal forms (association, foundation, cooperative, shareholder company)
- “ enlarges the set of activities of SEs
- “ at March 31, 2010 601 social enterprises are registered



# Development trends and questions

- “ social coops are not the only type of organizations engaged in social service provision
- “ voluntary organizations and Foundations are increasingly engaged in the stable provision of services
- “ the social enterprise form was also suited to provide community services other than social and educational ones
- “ the cooperative form was no longer suitable to manage some of these new activities
- “ are the social cooperatives the most important social enterprises???

# Some conclusions

Important contribution of social enterprises to innovation:

- “ new services to satisfy new needs
- “ innovative %production process+, replacing bureaucratic and hierarchical forms with participatory ones
- “ conventional conception of enterprise challenged
- “ new conception of social services

The Italian experience corroborates the importance of:

- “ adequate legal/fiscal framework for social enterprises
- “ networking within and among the families of the social economy