



EUROPEAN ROMA GRASSROOTS ORGANISATIONS (ERGO) NETWORK

The role of Social Economy in supporting Roma social and economic inclusion

A close-up on the Covid-19 pandemic
and the recovery strategies

Position Paper



Introduction

Traditional business models are based on a philosophy of maximising profit (or return on investment), which is then distributed to investors or owners (shareholders). Conversely, social economy is a model where *the profit is entirely reinvested in the expansion of the enterprise, and/or used to finance social inclusion and community development projects*. The members act in accordance with the principle of solidarity and mutuality, and in many cases they manage their enterprise on the basis of 'one man one vote' principle, as well as equally share ownership. While this is the basic principle, many definitions of social economy currently exist. The main objective is to have a *social, societal, or environmental impact for the general interest*. Social economy enterprises contribute to employment, social cohesion, regional and rural development, environmental protection, consumer protection, agricultural, third countries development, and social security policies.

After the European Commission 2011 communication [Social Business Initiative - Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation](#), the social economy sector is now back in focus in the European discourse. European Commission President Ursula von der Leyen has entrusted Nicolas Schmit, Commissioner for Jobs and Social Rights, with the development of an Action Plan on Social Economy. In preparation, a European Commission [mapping](#) of the reality of social enterprises in the 35 European countries, using a common definition and approach, was launched this year. Next May (26-27), the [European Social Economy Summit](#) will take place, a joint event of the European Commission and the City of Mannheim, prefaced by a series of dynamic virtual thematic sessions entitled 'Digital Road to Mannheim'. The event will strengthen social economy in Europe and feed the preparation of the European Commission's Action Plan on Social Economy, announced for 2021.

Europe, alongside the world, is facing an unprecedented social and economic shock, brought about by the devastating effects of the Covid-19 pandemic. Many Europeans have lost their incomes, their homes, their security, and even their loved ones. In this context, Roma communities throughout the continent have been particularly hard hit, having to face, in addition to the above, a sharp rise in both popular and institutional antigypsyism, as well as police brutality and numerous breaches of their human rights. The road to healing and recovery will be long and difficult for all, but it will be particularly challenging for those already facing extreme hardship, poverty, and social exclusion, such as Europe's Roma. However, social economy can support better Roma inclusion, wellbeing and participation, as well as trust-building with the majority community.

Because of its explicit objective to contribute to improved societal outcomes particularly for vulnerable groups, and because of its bottom-up, community-rooted approach based on ownership, social economy can play a key role in ensuring social and economic inclusion, equal rights, and wellbeing for Roma communities in the post Covid-19 recovery process.

This paper aims at exploring the positive interplay between the role of social economy in today's development models and Roma rights and inclusion, particularly in the context of the aftermath of the Covid-19 pandemic and the ensuing recovery. It reviews what is needed at national level in order to build strong, sustainable social economy enterprises, which contribute in a positive way to the social and economic inclusion of Europeans of Romani origin across the continent, anchored in actual realities and needs in Roma communities at the grassroots level. It equally provides a number of good practices from different national contexts, in the Annex.

The paper was drafted by Amana Ferro, Senior Policy Adviser with the European Roma Grassroots Organisations (ERGO) Network, based on an extensive data collection exercise among the ERGO Network national membership, carried out in May 2020. Members in Bulgaria (Integro Association), the Czech Republic (Slovo21), Hungary (Butterfly Development), Ireland (Pavee Point), Romania (Policy Center for Roma and Minorities), Slovakia (Roma Advocacy and Research Centre), Spain (Federation of Roma Associations in Catalonia) and Turkey (Zero Discrimination Association) have provided direct evidence and case studies (see Annex), while the paper was enriched and endorsed by the entire ERGO Network membership in July 2020.

<p style="text-align: center;">Emphasising social objectives and Roma beneficiaries in legal frameworks for social economy in Europe</p>

Not all countries have clear legislation that regulates the establishment and functioning of social economy enterprises, that enshrines and defines their social utility purpose, and that provides the fiscal and funding framework for these ventures to reach their full potential and reach those most in need of support, in a sustainable and integrated manner. **It is crucial that legislative efforts place the importance of social inclusion objectives at their core**, otherwise social enterprises may become just an easy vehicle for tax evasion – ie, companies being set up under the label only to take advantage of fiscal and other financial flexibilities reserved for social enterprises, without truly following a social inclusion philosophy. This contradicts the very definition of social economy, which is based on co-ownership and a quest to maximise social cohesion and wellbeing, rather than accrue financial gain.

Legislative proposals should equally strive to clearly name Roma communities among the intended beneficiaries, to ensure that their specific needs are addressed and that they are not left behind by mainstream approaches. Social enterprise models need to be designed in such a way that the social gain needs to reach beyond the individual participants. Beyond, for example, providing employment or services for individual Roma people, social economy can be an effective response to shared issues with the wider Roma communities, enhancing the situation and experience of all, while also serving to combat stereotypes and stigma. Clear social values and outcomes must be the guiding principle, as well as the bottom-up, ownership approach – by the community, for the community.

In *Spain*, where the sector is much more developed than in other European countries, Law 5/2011 defines 8 types of social economy enterprises: cooperatives, labour companies, mutual/friendly societies, Special Employment Centres (targeting people with disabilities), insertion companies, fishermen' associations/fraternities, associations and foundations. However, none of them specifically mention the Roma as key target group. In the *Czech Republic*, the legal framework recognizes “integrative social enterprises”, aimed at achieving the employment and social inclusion of people who are disadvantaged on the labour market, through a so-called triple benefit: economic, social and environmental. In 2016, discussions were held with the former Czech Minister for Human Rights, Equal Opportunities and Legislation, Jiří Dientbier, about changing the legislation on social economy enterprises to take account of Roma communities and explicitly include them – but so far, no legal changes were made to the bill.

In *Bulgaria*, conversely, no such legal framework exists, and attempts to structure the sector have thus far been unsuccessful. In 2017, the managing authority of the Operational Program Human Resources Development announced a procedure “Development of Social Entrepreneurship”, for municipalities and NGOs to apply to create new social enterprises or to expand the activities of existing ones. However, within a few months, the procedure was announced and canceled 3 times despite the availability of submitted projects, during which time the application guidelines were changed, which strongly demotivated stakeholders. In the end, it turned out that the main beneficiaries of the procedure were municipalities which provided temporary employment to unemployed citizens for a period of 12 months, without any obligation to ensure sustainability.

Legislation needs to treat social economy as a healthy, substantive, integral part of economic activity, and not as some sort of charitable, short-term emergency intervention. The sector is ever growing and becoming self-sustainable, so strategic thinking around social entrepreneurship needs to go beyond punctual, 1–2 year marginal projects. When investigating the financial resources needed to develop a strong social economy sector, the cost of inaction should also be considered: increased poverty, exclusion, marginalisation, low educational and health outcomes, higher dependency on social protection etc. The legal framework must equally provide clear protocols for partnerships among all stakeholders, and **enshrine a bottom-up approach**, rooted in finding local solutions to local needs and involving beneficiaries themselves – **including Roma communities** – in a cooperative and empowering manner, in every step of the process.

<p>Prioritising Roma as explicit target group for social economy interventions and creating partnerships with Roma communities and other stakeholders</p>
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Evidence from the ground indicates that the **Roma are often not reached by mainstream inclusion measures and initiatives**, either because their specific needs and challenges are not explicitly targeted, or because of prevalent popular and institutional antigypsyism. The situation is not different when it comes to existing social economy enterprises. Our members report that the **Roma are seldom explicitly prioritised in social economy ventures** present in their countries, and Roma inclusion per se is not spelled out as an objective.

In *Spain*, social enterprises often target specific groups, but the Roma are not defined as one of them. Thus, a venture may be set up to deal with the integration of migrants or refugees, women, people with disabilities, certain professional categories such as fishermen etc, and some Roma will benefit, but only incidentally: it could be possible that some Roma are fishermen, but they become a priority to these enterprises because they are fishermen, not because they are Roma. In order for a coherent inclusion approach, that also tackles the engendered lack of opportunity brought about by historic and structural antigypsyism, social enterprises must also identify the Roma as one of their explicit target groups for intervention.

In *Romania*, it is suggested that criteria which can contribute effectively to the social and economic inclusion of the Roma should monitor, with specific indicators, the level of participation in the decision-making process of the Roma people themselves, the level of ownership offered to Roma workers in a social economy enterprise, and the number (percentage) of Roma staff.

In *Ireland*, our members feel that social enterprise models should include, and achieve, outcomes for Travellers and Roma who experience multiple and intersectional discrimination, because of their gender, age, disability, sexual orientation, and educational disadvantage. For instance, social enterprises could address the very low number of Travellers and Roma women in employment, in comparison to Traveller and Roma men. This requires an inbuilt community development approach from the start, based on understanding and addressing discrimination, disadvantage, and social exclusion, adapting for diversity in the planning, design, delivery and review of social enterprise initiatives, as well as ensuring a bottom-up approach combined with funding for grassroots NGOs to promote social economy initiatives and projects.

Social enterprise models require a partnership approach from the onset, involving key stakeholders: Roma communities and their representative organisations, relevant government departments and agencies, especially those tasked with social inclusion, programmes for employment, education and training; private sector stakeholders (in particular, employers and their representative bodies), and other civil society stakeholders (in particular, trade unions and NGOs providing relevant support in the areas of childcare, employment and further education and training). This partnership is important in the design and delivery of social enterprise programmes and, at a more limited scale, in the support of individual social enterprises.

It is essential that non-Roma-led social enterprises work alongside Roma people or Roma organisations in order to identify and respond to actual needs identified on the ground, and to make use of the full pool of skills and talents already present in the community. Only through participatory planning, delivery, and evaluation can social enterprises fully deliver on their social inclusion goals, contributing to personal and community development. Moreover, workers-owned models ensure democratic and egalitarian sharing of resources and income. Additionally, **all social economy actors must be mindful of deeply-rooted discrimination and antigypsyism in all countries and make conscious efforts to combat any such tendencies** in their work and collaboration with other stakeholders, by promoting respect for the human rights of all as a transversal principle.

Supporting more awareness and better training in Roma communities about social entrepreneurship

Aside being the beneficiaries of the existence and work of social economy enterprises, there is great scope to **empower and build the capacity of the Roma to become social entrepreneurs themselves**. At a time where national economies are slowly rebuilding after the disruption caused by the Covid-19 pandemic and associated measures, with unemployment on the rise and Roma communities having been particularly hard hit, social enterprises emerge as a tremendous opportunity to create sustainable, quality employment for Roma, to respond to community needs, and to forge a new generation of socially-minded entrepreneurs. The Roma are ideally placed to take advantage of this opportunity, as both drivers and beneficiaries of change. A number of Roma NGOs are already engaging in income-generating activities and projects, which could be successfully converted into social enterprises, with the right knowledge and support.

In *Spain*, there are many cooperatives run by Roma people, for example a high percentage of cooperatives created to manage the flea/street markets. There is, however, a persistent misunderstanding about the social goal of such a venture, as well as a lack of actual social entrepreneurship skills.

The existence and potential of social enterprises need to be better promoted, as our members report a lack of general knowledge about the social economy sector, including among some Roma activists and existing Roma civil society. Specific training can be funded and carried out to educate Roma community leaders about the added value that social economy can bring to Roma inclusion. These trainings would also address the specific non-profit nature of social economy and build capacity to develop this kind of business model, which prioritises social objectives over financial gain. Social enterprise hubs could be created at regional level, with the involvement of local authorities and minority entrepreneurs and their representative organisations at local level. These hubs would provide targeted and mainstream supports in the form of training and mentoring, direct financial support and the development of business plans, as well as low-cost premises for start-up social enterprises.

Relevant public (governmental) and private (philanthropic) funders could usefully include targeted support and initiatives for culturally relevant capacity-building to improve outcomes in the area of minority ethnic-led social enterprise. This includes: awareness-raising initiatives about the social enterprise model; initiatives to bring the public sector, the private sector, and the non-profit sector stakeholders together to share information and knowledge on social enterprise models and create platforms; provision of financial resources and expert support to develop business, leadership and management skills; provision of grants to grassroots NGOs and successful social enterprises to gather and disseminate the learning from their initiative; and provision of mentoring support to start-up social enterprises to replicate successful models, based on community development principles.

Such approaches would help enshrine a model of **rethinking the economy alongside sustainability and social cohesion concerns**, while it would also bring knowledge about existing legal frameworks and funding opportunities for starting a social enterprise. Additional support should be available for new social entrepreneurs also after the venture begins, to ensure its harmonious and continuous development and that it keeps delivering on its social goals. **Social enterprises have already proven their resilience in the context of the previous financial crisis**, hence they can constitute a solid foundation for sustainable economic and social rebuilding.

**Ensuring the sustainability and resilience of social economy
through continued support and access to funding**

It should be understood that **the main added value of a social enterprise is reaching its social objectives, rather than creating capital**. In today's cutthroat market economy, competitiveness is defined by a continuous lowering of costs and high labour productivity. Social enterprises can't compete on equal footing, since their objective is, precisely, to ensure the professional integration of people with lower work capacity or who are still developing skills, and to provide goods and services at community level, to customers in difficult financial situations who can't afford regular market prices. This is particularly true for many Roma communities, where unemployment, poor education outcomes, and poverty are, sadly, pervasive factors. Hence, the lack of financial capital has been identified as one of the most common barriers to the establishment, development and continuous functioning of social enterprises.

For this reason, **an appropriate and agile legal and financial framework must be in place to support the work of social enterprises regardless of their annual turnover and market performance, since their main goal is public utility**. Classic loans, the cornerstone of the capitalist economy, are not viable tools, as they can't be repaid by an enterprise whose goal is not financial gain. Also, social enterprises may be perceived as too risky by banks subject to banking regulation. Instead, grants and credits to social economy actors should be seen as a form of social investment for the public good, with conditionality attached regarding the social output, not repayment capacity. Financial instruments may include: non-repayable financial assistance (grant); refundable financial assistance (loan) with soft terms (eg, lower interest rate) rate, longer repayment period, microloans; indirect form of financial assistance (for example, the provision of rental premises free of charge or for less than a commercial price, provision of production material etc). One solution would be for the state to provide required guarantees for bank loans - a much smaller commitments than the billions paid in bailouts to for-profit companies.

In *Hungary*, social enterprises are of relatively small size, which means that activities like planning, marketing, sale, communication are all done in-house, which requires a great deal of knowledge and specific skills to keep the operation afloat, and to generate enough revenue for it to be viable commercially without continued external funding. In what concerns specifically Roma communities, support is also needed to ensure constant contact and communication with beneficiaries, including through trained Roma mediators, which entails additional resources.

Marginalised communities face significant barriers in accessing enterprise funding from mainstream financial providers. Community-based and philanthropic funding, alongside state provision funding, need to be mobilised to enable the development of social enterprise business ideas, the preparation of business plans, and start-up costs to secure the success of social enterprises led by and benefiting marginalised communities. Specific public funding streams for social enterprise models with minority ethnic groups should be developed by policy makers. In addition, supportive structures can include tax deductions and other fiscal incentives, as well as the simplification of the setting up and application procedure for social businesses.

Sustainability is not just that of the enterprise, but also that of the beneficiaries. For example, work integration social enterprises can provide temporary or permanent employment positions, with the temporary ones acting as bridge and springboard to the so-called open labour market. But in this case, the skills cultivated during temporary employment need to lead to actual decent, secure jobs later on, and not just tick a box by keeping someone on a payroll for a few months.

Long-term sustainability should be an implicit goal of any social economy venture, because one-off initiatives are proven not to work and to sometimes even do more harm, by dropping beneficiaries and leaving them without support unexpectedly and by creating unreasonable expectations in the community that then fail to be met. Durable solutions are needed to tackle systemic challenges. This requires **rooting social enterprises in a community development approach,** a flexibility of design to respond to the needs of the community and address specific barriers that arise, capacity building for Roma involved in social enterprises, mobilisation of support and mentoring from other social economy actors, ensuring non-discrimination in access to finance and to contracts, and long-term funding justified on the basis of longstanding inequities and discrimination and, importantly, on the ongoing social gain from the social economy enterprise.

<p>Making the economy work for people by putting social economy at the heart of an inclusive recovery for all, including the Roma</p>
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Given the unfolding socio-economic aftermath of the Covid-19 crisis across Europe, and its disproportionate impact on Roma communities, **social economy provides a great opportunity to address employment, health, education, accommodation, nutrition, and inclusion needs, as well as to keep alive Roma culture, crafts, and traditions.** However, the necessary regulatory framework and funding opportunities need to be in place, as detailed in the sections above. A key role will be played by Europe's recently released Recovery Package, as well as by the extent to which the future Action Plan on Social Economy takes these concerns on board. Similarly, **the upcoming EU Roma Integration Framework, the Action Plan of the European Pillar of Social Rights, the implementation of the Sustainable Development Goals, the revamped Youth Guarantee, the upcoming Child Guarantee etc are all crucial instruments which can fully integrate a social economy approach,** as well as spell out Roma as a key target group.

Unemployment, traditionally high in Roma communities, has once again soared in recent times, after the moderate reprise following the economic and social crash a decade ago. **Work Integration Social Enterprises (WISEs) are ideally placed to offer pathways to employment** for those furthest from the labour market. They offer either intermediate (temporary) work placements or permanent ones, providing both a supportive environment and learning opportunities for professional training, thus holding great potential to increase the employment rate of Roma people and counter their loss of income during the pandemic, both through direct hiring, as well as through improving skills and self-confidence. **They also represent a good solution for the preserving of Roma traits and crafts that are on the verge of being forgotten,** thus reviving an entire economic sector thought lost forever.

The Covid-19 pandemic has equally entailed a certain destruction of service infrastructure and delivery, as well as had created new needs and additional demands for social services to respond to. It is more important than ever, in times of pandemic and recovery, to provide increased support particularly to vulnerable communities. **Service-providing social enterprises are community based, supplying a wide range of key services that are often otherwise missing** from the communities. Such initiatives could greatly improve access to (health-, child-, social and long-term) care and education, as well as other services (food security, arts, culture, sports etc), which the Roma might have a hard time accessing otherwise, because of multiple obstacles (antigypsyism, infrastructure, transport, bureaucracy etc). Food availability initiatives have been particularly relevant during the pandemic, as many Roma lost their income. Accessing a wide range of services directly in one's community, at rates below those applied by for-profit providers, would greatly improve the health, nutrition, education, and other social indicators of the Roma population, thus rendering them more resilient.

Last but not least, **many social enterprises feature participatory workers-owned models, which provide increased ownership and democracy, thus enabling empowerment of individuals and communities, while also strengthening active citizenship and our democracies.** Social enterprises activate local and community networks and local social support, which is particularly key in deprived, segregated neighbourhoods, such as those where Roma live. They strengthen the fabric of the community and contribute to better social cohesion and peaceful coexistence. In this context, **social economy holds great potential to positively contribute to a sustainable and inclusive recovery, where the Roma are not left behind, but supported towards better social and economic outcomes, while combatting prejudice and promoting peaceful coexistence.**

Successful social economy initiatives dealing with Roma inclusion

IRELAND

- [First Class Insulation](#) is an independent social enterprise established with the support of Galway Traveller Movement to create jobs for Travellers and to contribute to environmental goals of energy conservation. It has been trading for over nine years. It targets the fuel-poor in Galway and provides free attic and cavity wall insulation, draught proofing, ventilation, and energy advice. It reflects key social enterprise principles in being Traveller-led, pursuing social gain that includes and goes beyond Traveller employment, long-term funding for social gain, and a statutory-community sector partnership. Contact details: Unit 4, Ballybrit Industrial Estate Upper, Ballybane, Galway; Telephone: +353 91 760877; Email: info@firstclassinsulation.ie
- [Shuttleknit](#) is a social enterprise based in Wicklow that designs, creates and sells handmade knitwear. It was founded in 2001 by the Wicklow Travellers Group and its mission is the empowerment of Traveller women through employment and skills development. The enterprise also aims to empower Travellers by providing an opportunity to develop existing talents and skills, which are connected to their own cultural heritage. Shuttleknit describes itself as a collaboration between settled and Traveller communities (employing 10 Traveller women and 2 women from the settled community) and is jointly managed by a Traveller woman and a settled woman. Shuttleknit aims to address social exclusion experienced by members of the Traveller Community, by promoting business enterprise and partnership generally between the settled community and the Traveller community, and by providing training and opportunities for people who wish to develop their skills and/or pursue education or employment opportunities. Shuttleknit's ethos and approach is to ensure a balance between commercial goals and community values: this includes, for example, attention to respecting and accommodating the needs of Traveller employees, arising from their cultural identity, with the business demands of the enterprise. Contact details: CEART, Crinion Park, Wicklow, County Wicklow: info@shuttleknit.ie

ROMANIA

Meștешukar ButiQ is a Bucharest-based social enterprise working to revalue traditional Roma craftsmanship. The initiative was built with the purpose to promote Roma craftsmen and their ancient skills, producing wooden spoons, baskets, brass products etc, and using traditional technologies for the manufacturing. It was planned from two perspectives to contribute to changing attitudes towards the Roma and to provide an opportunity to help families escape the grinding poverty in which so many of them live. With the support of the ERSTE Foundation, Meștешukar ButiQ has revisited many of these traditional crafts and developed an updated collection in collaboration with Nadja Zerunian, Peter Weisz and Glimpt Studio. Practically, the initiative is a Roma Partnership between several craftspeople who sell their products under the umbrella of the Meștешukar Butique brand. It is a success because they had the external support of professionals. For more information, visit: <https://mbq.ro/>

SPAIN

Fundación Secretariado Gitano (FSG), through their ACCEDER programme, has created the *ACCEDER Businesses Group*, which consists of a network of social enterprises that foster the labour market inclusion of people at risk of social exclusion. This initiative does not target only Roma people, but all people at risk of exclusion. Even if the target group is not exclusively Roma, many Roma access the labour market through the ACCEDER programme. Regarding the quality of contracts and jobs, we are not in a position to comment. There are 4 social enterprises in the ACCEDER Businesses Group. These are: Vedelar – social enterprise in the field of garden and forestry work (<https://www.vedelar.es/>); Uzipen – for maintenance and cleaning services (<https://www.uzipen.es/>); Nabut – offers multiples services, many inside the textile field (<http://www.nabutnavarra.org/>); Ecotur – for hostess services (<https://www.ecoturazafatas.es/>). For more information: https://www.gitanos.org/que-hacemos/areas/empleo_y_formacion_profesional/acceder_empresas_insercion.html

HUNGARY

The *Pro Ratatouille* project is an initiative designed and executed by Butterfly Development. It is a community-based, small scale agricultural project, using chemical free, natural practices. Its main methodology is experience-based ongoing learning during the project period. The learning aims are: organic agriculture, practice and theory, household practices, how to use vegetables, cooperation skills, personal development skills. The ongoing practice and learning is combined with community events, which have the special aim to communicate and integrate the project in the wider community. The project focuses on growing vegetables, which provide direct livelihood for the participants, as well as a potential source of income. The Pro Ratatouille project aims at the local and regional realization of the Sustainable Development Goals, especially those which are connected to rural livelihood, food security, food sovereignty, strong communities, health issues, life-long learning, etc. In its design phase, the project won the Social Business Idea Contest by Nobel Prize winner Prof. M. Yunus, the father of Social Enterprises for disadvantaged groups. More information: <https://www.socialplatform.org/wp-content/uploads/2019/04/PRO-RATATOUILLE.pdf> or contact Melinda Kassai, (kassai.melinda@gmail.com; www.bffd.hu; <https://www.facebook.com/ButterflyFreeFlow/>)

SLOVAKIA

The social company WASCO sees the potential in the region - clever people who need to get started. Wasco is a laundry room that gives a work opportunity to people at risk of social exclusion, e.g. long-term unemployed, women after maternity, single mothers, people with disabilities, young people, older workers (50+). They also employ people who have been out of work for 15-20 years. Work experience helps them gain self-confidence, skills, habits that they did not have, or lost long ago. The goal of the laundry is not to keep people as long as possible, but to be a stepping stone to find work permanently elsewhere. It has been operating since 2014, in a reconstructed old factory, converted into 900m² of laundry and community center serving 150 people. It employs 24 people, processing 15 tons of laundry per month. Contact: Wasco, Strojársená 10, 976 36 Valaská, Director Ivan Mako, <http://wasco.sk>.