Social Enterprise Project

MFEI

Final Report

January 2012

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Executive Summary

The movement promoting social economy has over recent years been increasing in importance owing to the need for more support at community level for populations that hail from vulnerable sectors in society. This has attracted the attention of the European Commission and an increasing number of EU countries as governments are finding new ways how to rationalise their action within the social sector and give further space to private initiative particularly hailing from the voluntary sector and related institutions.

Social enterprise refers to commercial activities in support to vulnerable populations and involving vulnerable populations in order to generate wealth through employment and inclusion. European Parliament decision – A6-0015/2009 defines the social economy and ultimately social enterprise as entities that operate under the following principles or philosophy:

- primacy of the individual and the social objectives over capital;
- defence and implementation of the principles of solidarity and responsibility;
- coincidence of the interests of user members and the general interest;
- democratic control by members;
- voluntary and open membership;
- self-management and independence of public authorities;
- mobilisation of the bulk of surpluses in pursuit of the aims of sustainable development, the interests of services to members and the general interest.

Research has shown that Malta has a vibrant voluntary sector that today employs approximately 4,387 annual working units and generates activity of circa €68 million annually. Further, it is a source of promoting gender mainstreaming with significant employment involving women at all levels of the organizations. It also attracts a strong volunteer base of approximately 24,000 persons. The main issues affecting the sector are the protection of capital resources, economies of scale and the availability of specialist human resources owing to competitive issues on the market.

The Benchmarking study undertaken with foreign legislations, namely Belgium and the United Kingdom, has shown that the strength of social enterprise lies in the value system that is at its core and the ability of working alongside both the private and the public sector in delivering services at a community level. Best practice social enterprise policy is characterised by a strong legislative and governance framework that reflects the multifarious nature of the social economy, the ability to promote social entrepreneurship...
and attract capital at formation stage, and finally, an incentives framework that nurtures growth and sustainability.

The process for the implementation of social enterprise policy in Malta omnibus legislation shall be considered to include:

- a **definition** of the ‘social economy’ and ‘social enterprise’ under Maltese law defining the parameters of intervention and implementation;

- a **social enterprise label** that will define the legal rights and obligations of organizations operating within the social economy;

- the assignment of responsibilities to a Government entity for the promotion of social enterprise with the responsibility of providing business incubator services to the sector and the coordination of the Malta Council for Social Enterprise;

- the setting up of a **Social Purpose Company** to create a new legal vehicle within Maltese legislation to facilitate and offer the necessary flexibility to operate in the sector;

- a **governance and regulatory framework** in protection of the ‘Social Purpose’ and ‘Not-for-Profit’ nature of social enterprises;

- an **incentives framework** to sustain best practice and create a new market for social enterprise equity.

By addressing these key areas of intervention, Malta has the opportunity to develop its own model of social enterprise respecting its unique characteristics of a small market economy and its long tradition in the social volunteering sector. One augurs that this legislation is put in place for the benefit of the community.
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1. Introduction

Social economy organisations and social enterprises are seen to have an important function in society, contributing effectively through various initiatives to address multi-faceted social needs. These organisations contribute actively, at grass roots level, to the reallocation of resources and to a favourable transformation of the welfare system. In Europe, social economy established itself as a “pole of social utility” and fulfils an important role; bridging the lacuna between the diminishing welfare state offering and the needs of society.

Within this role, social enterprises effectively help to combat social exclusion and can foster local development, as most often these are locally based organisations and are either linked with or recognised by local authorities. Moreover, the sector has proved to be a major provider of jobs in Europe, where employment in co-operatives, in 2005, was estimated at 3.7 million. In this regard, social economy actively contributes in the labour market, facilitating economic growth through provision of new and emerging social needs, self management and an increased participatory role by all members in society. The ripple effect of social enterprises is thus the achievement of economic democracy.

Social enterprises, due to their nature and aims, operate under framework conditions different from traditional private firms, where the aim of the latter is prevalently the financial profit. Consequently, social enterprises face particular challenges to assure their long-term survival and to be successful: “lack of supporting environments and infrastructure, restricted access to resources, privileged administrative treatment of specific organizational forms, unsuitable institutional framework and an inconsistent legal environment” (UNDEP-EMES, 2008). In this scenario, social enterprises are still not well understood due to their diversity in structure, goals and operations when compared to traditional enterprises. These factors contribute to their general lack of visibility in the wider public sphere.

In Europe, the emergence of an industrial society was a catalyst for the establishment and development of social economy, which catered for new social needs created by this new society. The 19th century saw the formation of co-operatives, which have established roots across Europe. The concept was innovative, with people breaking away from the charity dependence mind-set and taking ‘self-help’ initiatives by joining forces and common aims.

These initiatives saw their decline during the era of socialism that was prevalent in a number of European countries, mostly in central and Eastern Europe. Effectively, the voluntary sector lost momentum while a welfare state scenario was established. Following the sharp decline of communism, these countries
now seeing the development of social enterprises as a need and an opportunity for ‘self-help’ to mitigate the void left by the collapse of the inherent welfare state.

In general, social enterprises tend to operate in the following areas:

- Animal rights and welfare
- Awareness and advocacy
- Charity and social business/enterprise support
- Children Rights advocacy
- Environment protection and sustainability
- Land and marine conservation
- Community development
- Poverty and Social Exclusion
- Persons with special needs
- Education
- Elderly
- Employee rights and welfare
- Ethical finance and investment
- Healthy living
- Mental health
- Equality

In Malta, the concept of social enterprises has been in existence for a long time, albeit under different forms. Social economy was the foundation for such initiatives. Presently, a number of local co-operatives, foundations, associations, non-government organisations, church organisations/entities and voluntary organisations work within the local society to combat social problems. The legal personality of these organisations is safeguarded by different laws and acts. The difference between these organisations and social enterprises is that some of these organisations operate or have policies which run counter to the basic criteria established by the European Parliament for social enterprises. This scenario increases the need for Malta to formulate and adopt a clear definition of what constitutes social enterprises, in order for this sector to be recognised and to enable its development for benefit of society at large.

The Research Team conducted a study into the existing legal and operational scenario within the social enterprise sector. The study also covers the development of proposals for necessary changes to existing legislation and/or new legislation as well as practices that would meet the aim of improving the framework conditions for these types of organisations.
This study takes a holistic approach to the social enterprise sector. It provides an insight of the existing forms of social enterprises, which operate in different forms and legal frameworks in the Maltese markets, and further explains the characteristics of what a social enterprise shall uphold, in order for existing enterprises and new social enterprises to be recognized. The following study shall consequently cover the following areas:

**Area 1:** Legal scenario that impacts social enterprises

**Area 2:** Financial support mechanisms that promote the sector

**Area 3:** Business support mechanisms that promote the sector

**Area 4:** Measures fostering co-operation at vertical level (co-operations between public authorities and the social enterprise sector) and at horizontal level (co-operation between social enterprises or umbrella organisations)

**Area 5:** Other Government policy initiatives or general programmes of active labour market policy of social inclusion policy

**Area 6:** EQUAL 3 Project - Encouraging Entrepreneurship Among the Unemployed in Malta, and/or other projects which provide valuable insight on the development of social enterprise in Malta and in the identification of strengths, weaknesses, opportunities and threats (SWOT).

This Report provides an informative picture of the concept of social enterprise and how other EU Member States have drawn policies to recognize social economy and exploit the benefits of social enterprises. The current status in Malta is analysed and benchmarks are carried out comparing the Maltese social economy to other Member States social economy. A questionnaire was carried out whereby all voluntary organisations, band clubs, sport organisations, church entities, independent schools and other organisations which operate in the social sector in Malta were asked to give their feedback regarding: the governance of the organisation/enterprise, nature of goods and services provided, human resources, finance, statutory support and their legal and administrative structure. Current laws and legal notices are reviewed in order to provide a picture of the already available legislative frameworks which may cater for social enterprises. Finally, recommendations are formulated in order to improve and/or create frameworks to help sustain social enterprises in Malta.
2. Background

2.1. Definition of Social Enterprise and other versions (e.g. E.P. & Secondary Research)

The social economy, that constitutes social enterprises, is made up of different organisations operating under different legal forms. The most common organisations operating under social economy are cooperatives, associations, foundations and voluntary organisations. Normally social enterprises are small in size and mostly operate on a local level. They target different social sectors in the society, mostly policies relating to social policy, employment policy, industrial policy and environmental policy. Another important aspect of social enterprises is that profits generated are not distributed to shareholders but re-invested in the enterprise. Although social enterprises can be characterized as enterprises having an entrepreneurial spirit, a social aim or purpose, and a not-for-profit distribution, one cannot solely use these features in order to define social enterprises.

There is no EU common/harmonized definition/policy regarding social enterprises. Each and every member state regulates the sector the way it deems appropriate within the wider binding obligations of the EU’s Internal Market regulatory framework. Nevertheless the European Commission has taken action to analyse the conditions in the Member States for social enterprises and the provision of respective services and to develop recommendations and guidance to improve these conditions. In its arsenal to counter social exclusion and social inequality the EU uses instruments such as EQUAL to promote and sustain transnational partnerships in order to develop and establish new approaches and methodologies to count and fight social exclusion and discrimination. The aim of transnational activities is to facilitate the creation of social enterprises to favour the income in the labour market of disadvantaged people.

The starting point of cooperation was a common problem in each partner’s country – the problem of social and economic marginalization of various social groups. The disabled, the long term unemployed, former imprisoned and prisoners, young people leaving children’s homes, women, immigrants etc. could use social enterprises as useful instruments to gain better social standing and re-enter the labour market. The EU is convinced that favouring the birth of social economy and its strengthening will pursue the creation of strong social enterprises. The EU is equally aware of the problems related to the finance mechanism of social enterprises.

Even though the social enterprise sector in Malta is not a new concept, when comparing with experiences in other European Union Countries, the impression is that it has not realised its full potential. The operationally social enterprises are set up to fulfil social goals; they are sometimes considered as organizations from the ‘third sector’ and they deal with voluntary organizations and helping those in need. They take pride in investing their generated profits in the business or in the community at large.
with their philosophy not being profit maximization to shareholders or investors but in Corporate Social Responsibility, dedicating services to vulnerable sectors of the community.

The main aims of the Social Enterprise Sector are normally to:

- Combat social exclusion;
- Foster local development;
- Being a good source for job creation.

Today, the labour market is composed of different people; all influenced by different agendas and lifestyles who ultimately are affecting the way firms operate. The introduction of gender equality and other social inclusion measures provided the opportunity to people with social or physical setbacks to become more mobile and employable. This factor stressed the need for the creation of a social enterprise approach which is gradually being introduced as the new working model operating on an EU and even on a localised level. Analysing these roles, one can immediately detect the importance which social enterprises have in the day-to-day business activities of Europe’s labour market.

Social enterprises are also considered as tools to stimulate socio-economic development. Examples include:

- providing access to basic services (social, educational, and health) to local communities, including people who are unable to pay;
- contributing to a more balanced use of local resources encouraged by wide participation of local stakeholders;
- contributing to the promotion of inclusive governance models that empower the local community in strategic decision-making;
- creating new employment as a result of the new services supplied and favoring labour market integration of disadvantaged people (minority groups, single women, people with disabilities, etc.) otherwise excluded from income-generating opportunities;
- contributing to enhance social capital at local levels (based on broad ownership and local participation), which is of crucial importance;
- contributing to take informal activities out of the underground economy for instance by regularizing the situation of illegal workers on the black market.⁴
These enterprises can carry out these functions and roles due to their way of operating—combining social and economic roles together.

The European Commission, in one of its communications titled ‘Towards a Single Market Act- for a highly competitive social market economy’, in Proposal Number 36 stated that: “In 2011 the Commission will propose a Social Business Initiative in order to support and accompany the development of socially innovative corporate projects within the single market by means of in particular social rating, ethical and environmental labelling, revised rules on public procurement, and by introducing a new investment fund regime and tapping into dormant savings”. This vision confirms that the EU is trying, and will do its best, to ensure the expansion of more social enterprises to operate within the European Market.

As defined by the European Parliament, A6-0015/2009, social economy and ultimately social enterprises, shall operate under the following established criteria:

- **Primacy of the individual and the social objectives over capital;**
- **Defence and implementation of the principles of solidarity and responsibility;**
- **Coincidence of the interests of used members and the general interest;**
- **Democratic control by members;**
- **Voluntary and open membership;**
- **Self-management and independence of public authorities;**
- **Mobilisation of the bulk of surpluses in pursuit of the aims of sustainable development, the interest of services to members and the general interest.**

It is important to understand that it is very rare to find an organisation that operates and upholds all criteria established by the European Parliament; however, even though organisations may not embrace all criteria, they must ensure that they are not operating against these philosophies.

Some countries within the EU have endorsed the concept of social enterprises in their legal and administrative framework. These countries all have different definitions for the term social enterprises thus meaning that countries have different policies in place. In the UK, the official definition of social enterprises is the following:
A social enterprise is a business with primarily social objectives whose surpluses are principally re-invested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.

Other countries such as in Belgium, emphasis is mainly on the output of the service whereby focus is given to the goods and services delivered and target only a specific population of customers. Finland defines social enterprises as enterprises that provide jobs to persons with disability and the unemployed in market oriented jobs. Lately, on 29 March 2011, Spain has enacted a Social Economy Law whereby it also stresses the importance for literature regarding the development of social economy to be introduced within the educational syllabus.

Social enterprises constitute a big part of the European economy. There is a trend that social enterprises (the social economy) must add up to 10% of the GDP. This means that as a result of this policy, a considerable number of people would be employed with the social economy. This is a sector which can be exploited by female employees. The importance of increasing the female participation rate in the workforce was mainly a result of the Lisbon Agenda targets, whereby countries had to reach a total female employment rate of 70% of the female population till 2010. Even though all countries struggled to achieve this percentage, and in fact positive increases were marked, most of the countries still lacked in achieving the intentioned results. The average EU-27 in 2009 amounted to 58.6%. Malta, in 2009, marked a percentage of 37.7% female employment rate. Apart from EU obligations which all member states are obliged to adhere to, female participation also has a direct positive effect on the country’s economy. “A higher participation rate may increase gender equality, foster economic growth and help improve the sustainability of the present-day welfare state, especially in the light of an ageing population.” (Source: European Commission, 2009. ‘The provision of childcare services: A comparative review of 30 European countries’, Page 21).

Another criterion which is highlighted in many of the policies endorsed by Member States is the fact that jobs provided by these social enterprises need to be market oriented. This means that the jobs which employees, especially persons with disability, perform must deem to provide the employee skills development.

One important challenging issue that social enterprises face is finance. Finance is the motor for all business development and a social enterprise is no exception. The lack of access to appropriate finance can be a significant barrier to growth. Although access to finance has improved for social enterprises in recent years, the social investment market is undercapitalized and fragmented. There are gaps in provision, duplication of efforts and the system lacks overall capital. In the mainstream finance sector an investment bank can take on the role of connecting the market, supplying capital to intermediaries,
tying the market together and identifying gaps. A social investment bank or a solid private Micro-
Finance Institution could play this role. In fact the European Commission is investing heavily on the Micro-
finance sector which is a very dynamic form of social enterprises. As part of the EU’s response to the
crisis, the Spring European Council and the Employment Summit held in Prague in May 2009, it identified
and defined three key priorities, maintaining employment, creating jobs and promoting mobility. Building
on this common effort, the Commission proposed ‘A Shared Commitment for Employment’ on 3 June to
step up cooperation between the EU and the Member States as well between European social partners.
Ultimately the Commission launched the European Progress Microfinance Facility which is managed by
the European Investment Fund (EIF) on behalf of the European Commission. This steep was mainly
possible due to the success and tangible change brought about by the many Micro Finance Institutions
spread all over Europe in their quest for social change inspired by sound social values. The European
Commission firmly believes that social enterprises have a key role to play in the economic recovery this is
even more visible from the European recovery Plan and Vision 2020 where social enterprises are at the
centre of the main efforts. The Special Investment Fund shall definitely ceil the Commission’s proactive
commitment towards social enterprises.

Another criterion listed in the definition of social enterprises deals with income. Some may be of the idea
that social enterprises can run 100% on donations. In Malta, most Voluntary Organisations (VOs) depend
100% on donations, but this definitely does not classify them social enterprises. It is highlighted that social
enterprises must perform normal business/trading activities and income generated must mainly come
from the provision of goods and services. Donations may be given to these enterprises however social
enterprises must not merely depend on donations as their major source of turn-over.

It is widely agreed that adaptation to change is a constant phenomenon and that most of this
adaptation does not entail changes at the expense of the social dimension. The existence of a good
dialogue in a climate of confidence and a positive attitude to change are important factors to prevent
or limit the negative consequences of the current economic challenges. Personal and social values such
as solidarity and wide participation in economic gains have to be considered in tandem with economic
efficiency and sustainable long-term economic growth. In this context, efficiency and co-operation
constitute one element in the wider debate on the role of production and a fair income distribution over
time in a society, which may be possible if social enterprises are recognised and promoted.
2.2. Survey – current status in Malta

2.2.1. Research Methodology

In order for this study to be successful primary research was carried out. Organizations in Malta that have a potential to become social enterprises are social organizations. Mainly these organizations currently operate under the following legal forms:

- Voluntary Organizations;
- Sport Organizations;
- Band Clubs;
- Church Entities;
- Independent Schools.

It was crucial for all the organizations operating under the social sector to be included in the research process. The Research Team identified the tender’s requirements in order to formulate a questionnaire which will ultimately provide findings to address the requirements.

As per the Request for Proposal which was issued by the Ministry of Finance, the Economy and Investment (MFEI) in August 2010, the Research Team had to provide an overview of the composition and nature of current social organizations operating in the social sector in Malta and Gozo.

Before the questionnaire was drafted, an in-depth analysis was carried out in order to explore social enterprises within the EU and their way of operation. This was necessary as for the Research Team to draft questions in light of what was expected from the study. Consultation meetings were also held with the regulators of the social sector in Malta. This enabled the Research Team to better understand specific sector issues. These regulators all contributed and their feedback was fundamental. The questionnaire was later designed following the data collected from terms of reference, secondary research and consultation meetings.

The questionnaire was sent to all organizations, operating in the previously mentioned sectors. A total of 693 questionnaires were sent either by e-mail or by post. Questionnaires were available on-line. Organizations were divided into three parts:

- Voluntary Organizations- 394 questionnaires were sent in total;
- Sports Clubs- 236 questionnaires were sent in total;
Co-operatives were also invited to answer the questionnaire. A total of 57 questionnaires were sent to co-operatives, covering the total number of co-operatives in Malta and Gozo. Before sending the questionnaire, the Research Team was highly aware that co-operative’s way of operation in Malta is beyond the not-for-profit orientation stipulated by the social economy however their feedback was still necessary as most of them still operate in the social sector. As per Articles 92, 93 and 94 of the Co-operative Societies Act, co-operatives have the right to distribute profits to its shareholders. This means co-operatives that distribute profits rather than re-invest them in the co-operative itself do not comply with one of the basic criteria of social economy- a limited or no distribution of profits to shareholders to give priority to reinvestment in the operation to assure long-term protection of capital.

Regulators from which social organizations are registered with were asked by the Research Team to encourage their registered members to participate in the questionnaire. In total 28.72 % of organizations, totalling 199 respondents, answered the questionnaire. Only one co-operative answered to the questionnaire- Fair Trade Co-operative (Koperattiva Tal-Kummerċ Ġust) - which totally complies with the criteria listed in the definition of social enterprises. The not-for-profit orientation motive is also stipulated in its statute and its objective is purely social. It is in fact the only co-operative in Malta and Gozo with potential to become social enterprise.

A questionnaire was also designed to cater for interested parties who might have opinions regarding the social sector in Malta. An advert was available on The Sunday Times of 6 March 2011 for individuals who were interested.

On 29 March 2011 a workshop was carried out with regulators and main stakeholders of the social sector in Malta. Individuals representing the following departments/entities were invited to attend:

- Commission for Voluntary Organisations;
- Co-operatives Board;
- Education Department;
- Department for Social Welfare Standards;
- Kunsill Malti għall-iSport;
- Department for Health and Community Care;
2.2.2. Current Status in Malta - Summary of Questionnaire

One of the aims of this study was to quantify organizations currently operating in the social sector in the Maltese Islands. In order for this data to be retrieved, the Research Team conducted a questionnaire with all not-for-profit organizations operating in the social sector (excluding government organizations/agencies). This questionnaire consists of a series of questions that provided realistic data as to how these organizations operate and the daily challenges they face due to their organizational nature.

The questionnaire was mainly conducted online, backed up by some copies sent by mail. It was sent to all registered voluntary organizations, sports organizations, band clubs, religious institutions and other voluntary organizations which are not registered. 28.72% of the organizations submitted their reply to the questionnaire. 57.29% of the organizations were voluntary organizations, 30.15% sports organizations and the rest were associations and religious institutions amongst others.
As per the European Commission definition, 86.25% are classified as micro organizations, 8.75% are small organizations and 5% are medium-sized organizations.

94.39% of the organizations regulate themselves and their members by means of a statute. The statute ensures that they are well organized and have democratic processes, mainly in provisions to amend the statute, appointment of chairperson and appointment of management committee or board of organization. Many of the organizations are structured, whereby 84.62% of the organizations hold a register of all their registered members.

From the respondent organizations, 15.9% operate in the education sector and 15.47% in the sports sector. A total of 24.84% work within the social and community support dealing with children, combating poverty, the elderly, health and people with special needs, while a total of 11.98% work within the culture, arts and natural heritage sector. The remaining organizations work within the animal welfare, human rights advocacy, philanthropy, religious and social inclusion sectors.

Most of the organizations have clear aims and objectives. In most cases, these aims and objectives are stated in the mission statement and are made clear to all their members. 85.37% are service providers, whereby their main ‘economic’ activity is offering services to the target audience of their organization. However, 62.5% of the organizations do not charge a fee for their services but offer them free of charge to their members. This means that, although the services offered may be viewed as economic activity, this may not always be the case. These organizations depend solely on donations, which in the long term is not sustainable.

The social sector employs 2.85% of the Maltese labour supply. There are more females than males employed within the sector on a full-time basis; however males surpass females when it comes to part-time employment. The volunteering element in the social sector has a higher number of males rather than females. Most of these volunteer within the sports and band clubs sectors. The majority of paid employment is within the small- and medium-sized organizations, while the majority of volunteers are within the micro organizations. This is an indication that the micro organizations have less monetary resources to be able to contract people with remuneration.
The average Annual Working Units engaged within the whole sector is 2.96 males and 3.37 females. This average shows that there are more females working within the sector. The majority of people which are employed in the sector are administrative and executive staff, maintenance staff, coaching staff, accounting staff and cleaning staff. This shows that organizations are spending a lot of resources on having a good administrative structure of the organization. Micro organizations have the highest percentage of administrative and executive staff employed. These micro organizations are not managing themselves in the most efficient and effective manner possible but are delegating the administrative tasks to various people when they can be handled by less people.

Organizations were asked whether they hold any form of financial reporting. 38.19% hold accounts signed by the organization’s President or treasurer. 27.64% hold audited accounts and 18.09% hold accounts signed by an accountant. The remaining 16.08% hold no financial reporting whatsoever. There is currently no regulation from the Commissioner for Voluntary Organizations or any of the other regulators stating that registered organizations have to hold financial reporting.

The majority of the respondents claimed that during their last financial year they had a turnover of up to €50,000. Only 3.38% said that they had a turnover of €1,000,000 and over. These are all small- and
medium-sized organizations. Another 4.73% stated that during the previous financial year they had a turnover of between €400,000 and €1,000,000.

Table 3: Turnover

29.45% generated their turnover from 80% to 100% donations. Such organizations do not have any economic activity to sustain themselves but depend solely on donations. These organizations do not have guaranteed sustainability since donations are very unpredictable. 42.47% of the organizations generate up to 20% of their turnover from donations. Such organizations have other ways and means of how to sustain themselves financially, mostly through the sale of products and service offerings.

Organizations spend most of the expenses on human resources and operational costs on a yearly basis. These are the biggest cost elements across all organizations whether they are micro, small- or medium-sized organizations. Furthermore, organizations were asked about their profit or loss during the previous financial year. 36.22% claimed that when their last financial statements were issued they broke-even. 33.06% declared a loss and 30.7% declared profit.

99.15% of the organizations do not distribute their profits to their members or shareholders. Instead, profits are re-invested in the organization for the further improvement and development. 0.85% distribute their profits to their shareholders limitedly. The rest is also re-invested. None of the organizations distribute all their profits.
Most of the organizations hold some form of capital assets. 60.22% hold capital assets with a value of up to €50,000. 9.68% of the organizations have capital assets of a value of €1,000,000 and above. These are mostly medium-sized organizations.

Only 7.01% of the organizations were involved in any type of legal cases. These legal cases were mostly civil cases, however other cases include land related cases and criminal cases. The majority of these legal cases, 43.75%, were solved by court proceedings. 90% of those organizations who had legal cases over the past 5 years found that they had adequate access to the Law Courts while 60% of the organizations believed that during the legal process there was not enough consideration of the nature of the organization.

51.06% of the organizations feel that the administrative and compliance process when setting up was clear and easy to actuate. With regards to the day-to-day administrative and compliance procedures, 53.52% stated that they find it clear and easy to actuate. This may reflect the number of human resources employed within the administrative areas whereby organizations are well equipped with administrative staff and such processes are their day-to-day job tasks.

When asked what assistance is beneficial for the development of their organization most of the respondents, replied financial assistance. Other assistance includes secondments such as provision of human resources and professionals. Premises and rental spaces are also deemed as beneficial and others replied that they prefer if some red-tape and bureaucratic structures are eliminated.

Suggestions on how the social sector can be developed were dominated by replies stating that this can be possible by having sufficient monetary assistance to improve their activities and services. Other suggestions included secondments, promotion of their organization, assistance from authorities to apply for EU Funds, training sessions and specialized courses as well as micro organizations to work together to reduce expenses due to diseconomies of scales.

Challenges which these organizations are expecting in the near future are mostly financial problems. It is expected that less people will give donations which at present constitute a big part of their turnover and there will be a decrease in membership due to the increase of the cost of living. Micro-organizations stated that one of their main challenges is competition from larger organizations.

2.3. Structures under Maltese Law

The Study undertaken has led us to consider the various legal forms used by social enterprises presently operating in Malta, and the forms also available to prospective enterprises in terms of the current Maltese legislation.
2.3.1. The Civil Code (Chapter 16 of the Laws of Malta)

By means of LN of 196 of 2010 the Maltese legislator introduced a new Second Schedule to the Civil Code intended to provide general rules for the regulation of Legal Persons. These general rules provide as follows:

A legal organisation is a universality of persons who associate or a universality of things which are appointed to achieve a lawful purpose having a form recognised by law, and which is capable of being a legal person in terms of the law. The purpose of an organisation by law includes non-profit and social initiatives.

Legal personality is not a pre-condition for the formation of a legal organisation, and a lawful purpose can be achieved without the creation of legal personality. An organisation can operate as a legal person once it is registered in the public registry.

An organisation with legal personality has a constitutive instrument and a patrimony of assets and liabilities, separate and distinct from that of any other person and the legal powers to achieve such purpose through the administration of its own governing body. Legal persons act through their organs such as a board of administrators, directors or trustees and, to the extent that it has members, the general meeting of members on matters designated to such organ.

Any foreign or international organisation whether vested with legal personality or not has to be registered with the Registrar of Legal Persons.

Those organisations not having legal personality shall only have such powers as granted to them by law. Unregistered organisations although not legal persons enjoy limited recognition and legal powers to achieve the specific purposes for which they are constituted in accordance with their statute. An unregistered organisation may in this respect still sue, and enter into legal proceedings.

The powers of an unregistered organisation shall be construed as being those limited to its operation, i.e. strictly limited to what is necessary for the administration of the organisation and the fulfilment of the purposes for which it is expressly established and only to achieve such purposes.

The internal management and administration of an unregistered organisation is regulated by its statute. Legal representation shall be vested in the person who in terms of the statute enjoys such power or in the absence of the same - the appointment of the sole administrator of the same.

The powers and obligations of the administrators – administrators are to keep records of all the assets and liabilities and all the income and expenditure of the organisation for the annual financial periods.
Legal organisations for social purposes or non-profit legal organisations for any purpose can in accordance with the above be registered as a legal person or operate in an unregistered manner. It can be found that many small organisations may opt not to register to avoid any burdensome bureaucratic procedures.

The Civil Code provides for the following legal structures:

Civil Partnership

A partnership is described as a contract whereby two or more persons agree to place a thing in common, with a view of sharing the benefit that may derive there-from. A partnership for social purposes shall be known as a particular partnership.

Contrary to the concept of a legal organisation, a partnership unless made by public deed is null. A partner contracting in his own name does not bind his other partners, even though the matter has benefitted the partnership.

A civil partnership can be set up for any lawful purpose as agreed between its partners.

Foundation

A foundation is an organisation consisting of a universality of things constituted in writing, including by means of a will, by a founder or founders whereby assets are destined either for the fulfilment of a specified purpose or for the benefit of a named person or class of persons, and are entrusted to the administration of a designated person or persons. The patrimony of the foundation is kept distinct from that of its founder, administrators or any beneficiaries.

A foundation may only be constituted by virtue of a public deed inter-vivo or by a will. All foundations other than pious foundations have the obligation to register in terms of the law. In case of foundations for the achievement of a lawful purpose, including a social purpose the registrar shall not register such a foundation unless the purpose of the foundation is indicated in clear terms.

Pious foundations are considered separate from foundations which are registered under the civil code and are defined and viewed in terms of the applicable religious laws.

A purpose foundation is one whereby the purpose of a foundation is exclusively for a charitable, philanthropic or other social purpose or as a non-profit organisation for any other specific lawful purpose. Alternatively a foundation for private benefit is known as a private foundation.
A foundation is a structure which by law comes closer to a social oriented venture, this is because it may not be established to trade or carry on commercial activities, even if such efforts are destined for social purpose. There are however three exceptions to this rule:

1. the case whereby a foundation is endowed with commercial property or a shareholding in a profit making enterprise, a franchise, a trade mark or other assets which give rise to income, as well as a ship as long as the organisation is only the passive owner of such assets.

2. A foundation may be used as a collective investment vehicle, and in this respect it may issue units to investors therein, for the passive holding of a common pool of assets, the management of which is delegated onto a third party.

3. Lastly a foundation may be used as a vehicle for the purpose of a securitization transaction, borrow monies against the issue of bonds and do all relative and ancillary acts.

**Association**

An association is an agreement between three or more persons to establish an organisation with defined aims or purposes to be achieved through the dedication of efforts and resources by such persons and others who may join voluntarily. The patrimony, namely assets and liabilities, if any of the association being distinct from that of its members, its administrators or any beneficiaries.

An association among other purposes may be established for the achievement of any social purpose. In the case of a social purpose association it may not have its purpose changed or extended to other purposes which are not also social purposes. Furthermore, a non-profit making association cannot change its statute to an organisation promoting a private interest. The membership of a person in an association established for a social purpose or as non-profit making is not transferable or otherwise subject to inheritance.

All associations are entitled to register. Registration is not a pre-condition for the formation of an association but an entitlement.

Where an association for a social purpose or one which is established as non-profit making terminates, on termination the assets must be donated by the administrators to another organisation with similar purposes and failing such action, subject to the power of the Court to give directions, they shall be disposed of in favour of such organisation as may be designated by the Minister who is responsible for social policy.
2.3.2. Trusts and Trustees Act (Chapter 331 of the Laws of Malta)

Trust

A trust exists where a person (called a trustee) holds, as owner or has vested in him property under an obligation to deal with that property for the benefit of persons (called the beneficiaries), whether or not yet ascertained or in existence, which is not for the benefit only of the trustee, or for a charitable purpose, or for both such benefit and such purpose.

A trust for charitable purposes includes any charitable and philanthropic purpose, and in particular: the advancement of education, including physical education and sports, the advancement of religion, the advancement of health, social community advancement, the advancement of culture, arts and natural heritage, the advancement of environment protection and improvement including the protection of animals, the promotion of human rights, conflict resolution, democracy and reconciliation and the promotion or protection of the interests of other social purpose organisations, including federations of such organisations.

In the case where the trust provides for more than one beneficiary, or in the case that it provides for more than one charitable purposes, trustees shall be impartial and shall not execute the trust for the advantage of one and the detriment of another, except to the extent that they are so authorised or required by the terms of the trust.

2.3.3. Co-operative Societies Act (Chapter 442 of the Laws of Malta)

Co-operative Society

A co-operative society is an autonomous association of persons united voluntarily to meet their social aspirations, including employment, through a jointly-owned and democratically controlled enterprise, in accordance with co-operative principles, and which, subject to the provisions of the law, may be registered by the Board as a co-operative society. A co-operative society is one which may be registered or otherwise provisionally registered.

Co-operatives are autonomous self help organizations controlled by their members. A co-operative society includes a society in which a majority of members are individual persons – this is also defined as a primary society by the law.

The law enlists the principles which apply to co-operative societies, it is to be noted that co-operative societies are classified as voluntary organisations and as such they are open to all persons who are able to use their services and willing to accept their responsibilities of membership.
A society, on registration, shall be known by the name under which it is registered and shall be a body corporate, having the power to hold moveable and immoveable property, to enter into contracts, to sue and be sued, and to do all things necessary for the purpose for which it is constituted.

2.4. Benchmarking

Annex 5 outlines a comparative analysis between the current Maltese Legislation with the Belgian Legislation and United Kingdom Legislation in terms of social enterprise. The scope is to analyse the different instruments that these leading countries in this field have adopted, tried and tested. The selection of these two legislations was carried out after a detailed review of a number of EU Country Legislations. The Belgian and United Kingdom models have been tried and tested over a number of years and in the Research Team’s opinion that they lend best to the Maltese circumstance.

2.4.1. Belgian Social Enterprise Legislation

The different levels of government established 5 criteria for defining social economy enterprises and initiatives:

- Primacy of work over capital
- Autonomous management (i.e. they are not part of the public sector, although they may receive public funding)
- Service to the members or to the society as main objective, rather than profit
- A democratic decision-making process
- Sustainable development with respect to the environment

The Belgian Legislation practically brings together all regulatory functions regarding social enterprise under one single regulatory framework being the Registrar of Companies. Whilst the Social Enterprise legislation is concerned with the philosophy of the social economy and the conceptual framework, in actual fact, the opportunity or otherwise to engage in the social economy depends on whether the organisation has the characteristics to gain the ‘Social Purpose Company’ label or otherwise.

Effectively, the main two legal forms that organisations can pursue to engage in the social economy are ‘Accredited Cooperatives’ that are cooperatives that are registered with the Registrar of Companies,
accredited by the National Council for Cooperatives and have elements in their statute that qualify them as ‘Social Purpose Companies’ and all other kinds of Companies that have characteristics in their Memorandum and Articles that qualify them as ‘Social Purpose Companies’.

Associations and Foundations, though Non-Profit Organisations, are strictly permitted not to undertake any trading activity under Belgian Law. In reality, a lot of them undertake trading activities, have to pay company-taxes but there is an absolute prohibition of distribution of profits. The nine legal conditions for to attain the Social Purpose Company Label are:

- Partners may pursue no or only a very limited amount of profits;
- A clear description of the social aim must be given in the Articles of Association of the Company;
- A special report must be written annually to describe how the social aim has been realised;
- The allocation of profits should be organized in accordance to the social purpose of the company;
- No or only very limited distribution of profits to the members (maximum 6%);
- Limitation of votes (up to 10%, or up to 5% in case workers are involved);
- The statutes must describe a procedure for workers to become partner;
- The statutes must describe a procedure for workers to end up being a partner;
- In case of liquidation of the company, surpluses must be allocated to a goal that is conforming with the original goal set forward by the company.

These conditions ensure that there is protection of the democratic principle and that work contribution is considered over shareholder influence.

Apart from the regulatory structure, two promotion organisation VOSEC and SAW (www.vosec.be for Flanders and Brussels and www.economiesociale.be for Wallonia and Brussels) provide direct action for the development of the social enterprise. These provide for start-up advice, sourcing of finance, synergies between social enterprises, marketing etc.
2.4.2. United Kingdom Social Enterprise Legislation

The UK Government’s official definition of social enterprise, developed in partnership with the sector is:

‘A social enterprise is a business with primarily social objectives whose surpluses are principally re-invested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners’.

Government acts in the social economy mainly by 4 institutions:

1. The Home Office is responsible for the voluntary and community sector. The goal is to stimulate the development of the organisations of this sector (increase the community participation).

2. The Treasury is responsible for fiscal and monetary policy. These policies have an important influence the extent of investment in the social economy. It also has the ultimate responsibility for tax administration through the Inland Revenue.

3. The Department for Trade and Industry is responsible for the government strategy on stimulating business.

4. The Social Enterprise Unit in the Cabinet Office serves as a central government policy initiative that acts as a focal point and co-ordinator for policy making affecting social enterprises and is responsible for policy development for social enterprises across the government.

Social Enterprises are registered under different legal structures. The majority are registered as Companies Limited by Guarantee (CLG), as Industrial and Provident Societies (I&PS) or as Community Interest Company (CIC).

The choice between CLG and I&PS is usually a matter of cost since the CLG model is cheaper or values since I&PS is traditionally associated with the social economy and its Regulator offers more protection to social enterprise values.

Regarding the Co-operative Movement, a co-operative is not a recognized legal structure in the United Kingdom. By definition, a co-operative is a group or organisation that voluntarily subscribes to a set of values, principles and behaviours. It can take on any legal structure.

Almost all workers co-operatives are registered under I&PS legislation or Company Law (limited by guarantee or, less frequently, limited by shares).
Tax Relief is available to individuals and corporate bodies investing in accredited Community Development Finance institutions (CDFI’s). The tax relief, spread over 5 years, is worth up to 25% of the value of the investment in community Development Investment Funds. Community Development Finance Institutions in turn provide finance to qualifying profit-distributing enterprises, social enterprises or community projects.
3. Policy Considerations

3.1. Why Social Enterprise?

The emergence of Values-Based Organisations is not a novelty and is based on a long history of experiences world-wide expressed through faith-based organisations, cooperatives, social, fair-trade and environmental non-governmental organisations, etc. These organisations address gaps in the market that prohibit the vulnerable segments of society from accessing services and resources necessary for inclusion.

Traditionally these areas have been addressed by the state, but increasing financial burdens and the difficulty to sustain networks at a community level has meant that Governments are looking to develop market-driven mechanisms to meet the needs of these segments of society. The European Union has been in the forefront of this movement with various forums being created and legislation favouring the development of these institutions.

Effectively, the strength of a country lies not only in the ability of developing competitive markets for goods and services but also in the ability of creating a level playing field for a market-oriented social economy to operate side-by-side with traditional market forces to address demand of a broader strata of society.

Values-Based Organisations are normally characterised by four main pillars being:

1. **Community Spirit:** This quality is characterized by deep trust, active participation, mutual respect, and a feeling of belonging.

2. **Open and Honest Communication:** This creates an open dialogue and a flow of vital feedback to decision makers.

3. **Values Agreement:** Stated values are healthy and are consistently practiced.

4. **Self-Organization:** This is characterized by leadership, productivity, and effective working relationships within and between groups.

These pillars provide values-based organizations with a high "group intelligence" which makes them flexible, responsive, and able to react to change as it arises. Further research has shown that:

1. Values-based organisations do not necessarily have more difficulties maintaining themselves as value-based because they operate in commercial markets.
2. Values-based organisations operating in commercial markets report greater ability to pursue their own agendas through having independent commercial income.

3. The nature of the values pressures market-orientated organisations face is different because of their location in different markets.

Without having a formal legislation in Malta, the Review Team has found a vibrant volunteering movement that participates actively in the development of the social well-being of the Maltese. There is a whole spectrum of organizations with different value backgrounds and missions that require the right instruments to sustain and develop their activities to meet the challenges of an open market.

These organizations employ a significant number of people both on a full-time and a part-time basis, and are supported by a strong volunteer base in their operations. They address areas and categories of the population that are not lucrative for a commercial company but are necessary for the well-being of a significant part of the population.

Developing these organizations will mean that new services can be offered to these persons with reduced state support allowing government to focus on more challenging areas in society.

3.2. Definition

The main consideration at the core of the development of Social Enterprise is in its definition and its inter-relationship with the social economy and social inclusion. It is an opportunity for organisations with a social motive to participate actively and sustainably in the market to address key issues in vulnerable sectors of the community.

Whilst various countries within the EU address Social Enterprise with different titles such as the ‘solidarity economy’, ‘third sector’ and others, the activities throughout Europe share the same features may be termed social economy activities. They are guided by the European Parliament – A6-0015/2009 that defines the social economy and ultimately social enterprise as entities that operate under the following principles or philosophy:

- primacy of the individual and the social objectives over capital;
- defence and implementation of the principles of solidarity and responsibility;
- coincidence of the interests of user members and the general interest;
o democratic control by members;

o voluntary and open membership;

o self-management and independence of public authorities;

o mobilisation of the bulk of surpluses in pursuit of the aims of sustainable development, the interests of services to members and the general interest.

In essence this means that a Social Enterprise is a commercial organisation with the majority of its earnings coming from market driven activities that:

o **fulfils social goals and addresses a target population in need**

The social motive is the prime mover of the social enterprise meaning that the organisation is either a provider of services to a vulnerable group or employs persons coming from a vulnerable group or assists persons in a vulnerable group to access employment or resources.

o **deals with voluntary social work**

While the core of the activity is managed by full-time or part-time human resources, they are usually assisted by a team of volunteers to provide the service. The volunteering aspect is expressed through the organisation’s membership and their direct involvement in the operational delivery of the organisation.

o **has a non-profit orientation**

The Not-for-Profit orientation is a crucial characteristic of social enterprises. This does not mean that the organisation is not meant to make profits since it is important that a return on capital employed is assured for sustainability of the operation. Effectively, a limited or no distribution of profits to shareholders policy is adopted to give priority to reinvestment in the operation to assure long-term protection of capital. Various operational benchmarks/safeguards are established to assure the protection of organisation’s capital and assure sustainability of the operation.

o **may operate under various legal forms**

The governance structure of the organisation may vary depending on whether the statutory structures have the necessary characteristics to sustain the social enterprise philosophy. This means that the statute or memorandum of association must clearly identify the social motive and not-for-profit orientation of the organisation.
Owing to their social and not-for-profit motive, assistance to these organisations is not in breach of state-aid regulations under EU competition law. This is cardinal for the development of social enterprises since it assures that mechanisms can be put in place by the state to mitigate barriers to market entry resulting from the nature of the organisation.

Within this context, operational benchmarks/safeguards are put in place to build resilience for these organisations against market fluctuations, protect investments arising from private or public sources, and assure adherence to the original principles expressed by the social economy without distorting the market.

To ensure success of the social enterprise, the model shall rest on strong regulatory framework to ensure that provisions and benchmarks/safeguards are adhered to ensure that they maintain to the original values and conditions established at inception.

3.3. Legal Framework

The Research carried out on the various legal forms used by social enterprises presently operating in Malta, and the legal structures also available to prospective enterprises, in terms of the current Maltese legislation, has led the Research Team to conclude that Maltese law adequately provides for the needs of persons wishing to set-up and operate a social enterprise. The results of our research have shown that the respondents found the process of setting up and operations clear and easy. Further, the costs are considered not to be excessive. However, some respondents indicated that information about the structures was not available and others have suggested that support was required, and was indeed welcome particularly at the start-up stage.

The legal structures available at present under Maltese law to persons wishing to set-up a social enterprise in Malta are those mentioned in paragraph 2.2.2 above, namely a civil partnership, an association, a foundation, a trust or a co-operative. Maltese law requires any company or commercial partnership to be set-up for a profit motive, so that by definition a company or commercial partnership may not be considered a social enterprise.

The legal forms above-mentioned appear to be present also in other EU jurisdictions, so that Maltese law compares well with the laws in other EU countries in providing for legal structures for social enterprises. Nonetheless, the comparative research undertaken has shown the existence of a few structures, in
particular the ‘Social Purpose Company’ under Belgian and the ‘Community Interest Company’ under English law, which are duly registered with the registrar of companies, commercial register or similar authority in the respective jurisdiction, but have a social objective. The Research team opine that the development of such a novel structure may be beneficial to the development of the social economy.

An analysis of the legal structures available under Maltese law has highlighted the numerous regulators or authorities provided for under the various laws:

- The Registrar of the Public Registries is responsible for the registration of partnerships, associations and foundations.
- The Malta Financial Services Authority is responsible for the licensing of trustees
- The Board of Co-operatives is responsible for the registration of co-operative societies

Further, in terms of the Voluntary Organizations Act (Chapter 442 of the Laws of Malta) every voluntary organization, defined as an organization established for a lawful purpose as a non-profit making organization which is voluntary, must enrol with the Commissioner in order to enjoy the privileges of the law and to be able to make public collections. By definition it would appear that most social enterprises fall within the purview of the Act since a non-profit making organization is generally defined as providing in its statute an exclusion of the profit purpose, an exclusion of the promotion of private interests and no part of the income, capital or property is available to the founder/shareholder.

A Social Enterprise policy should question the need of the myriad of regulators/authorities in order to streamline the process for persons intending to enter the social enterprise sector, and should devise a way to provide information and guidance, as well as facilitate the start-up process.

### 3.4. Capital & Sustainability

The need to protect the capital employed is of primary importance to ensure the sustainability of social enterprise particularly in the light of the declared non-for-profit motive. Social Enterprise policy shall require careful consideration of the investments made by private entities and support schemes afforded by Government that are a crucial for the protection of the capital employed by stakeholders.
3.4.1. Not-for-Profit Implication

Social Enterprise best practice across Europe limits end of year distribution of profits to shareholders and in various countries prohibits it outright. This is done to assure that capital is retained and re-invested in the social enterprise for sustainability and that the organisation is not subject to market speculation. Further, since social enterprises are supported by Government and EU funds, prohibiting distribution precludes that market speculation using public funds and consequentially breaching state-aid regulations.

In countries where limits are imposed the maximum distribution limit ranges between 6% and 10%.

Social Enterprise Policy will determine the parameters that shall be adopted for Malta and offer clarity on the role of shareholding in these types of organisation without the danger of market speculation.

3.4.2. Sources of Income

Best practice makes emphasis on the need to assure that no capital resources are employed to support recurrent expenditure resulting in the depletion of core resources.

In this ambit, the market orientation of the social enterprise is cardinal to assure sustainability. Donations, though important, should not be the main source of revenue since they are a volatile source of income and not necessarily resultant of a direct need, whilst fees for services are a direct result of the activity of the social enterprise, an activity that can be built and sustained.

Further, to attract donations, substantial marketing funds and resources are required. Unless results substantially outweigh costs, excessive marketing will reduce the operational capacity of the organisation to provide the socially motivated services. Our research has shown that most Maltese organisations are dependent on donations and Government support to run their activity.

New Social Enterprise policy shall be an opportunity to redress this dependency of donations and promote a new way in running such operations by creating economic and social value-added rewarding organisations that achieve such benchmarks.

3.4.3. Economies of Scale

Our research has also shown that most Maltese organisations do not have the economies of scale to run a viable operation. Fragmentation and replication of activities are common place. A benchmark of this lies in the cost of administration whereby a substantial percentage of revenue is being deployed by organisations to manage themselves rather than in the provision of services to their targeted social group.
Social Enterprise policy shall be an opportunity to incentivise organisations to come together to pool resources and energy for larger viable organisations or specialised networks that assure that individual member organisations have a role to play without replication. The focus is to assure that an increased percentage of resources are deployed in operational services directed towards vulnerable social groups rather than administration costs that finally do not provide any value-added nor fee-income to be reinvested in the enterprise.

3.4.4. Human Resources Cost

In the same spirit, many countries include provisions to assure that the cost of human resources does not exceed 50% of revenue generated. This includes salaries, allowances, performance bonuses and statutory costs. Such a benchmark precludes that the Not-for-Profit motive is circumvented by increased salaries or end-of-year performance bonuses.

Considering the economies of scale of Maltese organisations, human resources costs at 50% of revenue generated may be slightly low and 60% is more realistic.

Social Enterprise policy shall be an opportunity to introduce operational discipline amongst these organisations and ensure that their original motive is attained and that they are worthy of the trust that has been afforded to them by stakeholders including Government. Operational benchmarks shall go a long way in assuring sustainability and long-term achievement of goals.

3.5. Human Resources

3.5.1. Employment

Social Enterprises are a source for employment opportunities for persons hailing from vulnerable backgrounds and for persons who are competent to provide services to persons coming from vulnerable backgrounds. It is calculated that Social Economy contributes to 10% of the EU Gross Domestic Product and our research has confirmed that by and large this is the case even in Malta.

In terms of Annual Working Units (AWUs), it contributes to a total of 4388 AWUs that constitutes 2.85% of labour supply with 2936 full-time employees and 2904 part-time employees. This has been created with no particular legislation or direct incentives, meaning that the full potential of the sector has not been realised and synergies created.
While training and schemes in entrepreneurship have now been available for quite some time, but many organisations are not aware of the availability of these schemes for Social Entrepreneurs.

Social Enterprise policy shall be an opportunity to formalise the sector as a contributor to Malta’s employment pool and develop human resources development strategies to support the development of social entrepreneurs and their progress. As with any small business development, the social entrepreneurial drive is crucial element for the creation of the spirit of initiative in the sector. Action is required to focus and nurture entrepreneurial drive to create sustainable institutions.

3.5.2. Gender Mainstreaming

Social Enterprises, in their nature, offer opportunities of employment that lends very well to flexible working arrangements and to support ‘family-friendly’ policies. For example, the Spanish experience in the sector has shown that female participation in social enterprises is approximately 49% with 39% assuming directorial position. The Research Team has found that social organisations in Malta have a high female participation rate and with similar percentages of women taking the lead in these organisations. Considering Total Annual Working Units, female participation stands at 53% whilst gauging on full-time employment, female participation lies at 62%.

Male participation is 64% in relation to part-time working conditions. This refers to the nature of work carried out and the possibility for flexible working arrangements afforded by social enterprises and is further of benefit with the increase in pensionable age, whereby persons at the end of their working career would like to carry out an activity with flexible hours rather than a rigid ‘9 to 5’ regime.

Social Enterprise policy is an opportunity to strengthen gender mainstreaming policies and promote flexible working practices for the benefit of families or persons with particular social circumstances who would not be able to maintain employment in a typical business environment.

3.5.3. Embracing volunteering

Currently, an impressive 24,575 volunteers support social organisations in undertaking their mission, with 66% being males and 34% females. This is an interesting aspect that is typical of social enterprises that depend on a volunteering base to undertake their activity. The reality is that if volunteering is professionally run and volunteers properly trained with their energies channelled effectively, an effective pool of persons can be created for the benefit of end-users.

The VOLSERV experiences at Mater Dei is a typical example of how volunteering can be embraced and used effectively to manage support services to persons in need.
Social Enterprise Policy is an opportunity to promote policies in favour of volunteering and to channel the immense potential it carries. Participation and involvement are very important opportunities to promote the social enterprise concept and sustain long-term development of the organisations that operate in the sector.

3.6. Governance

Issues regarding legal and governance structures are central to the social enterprise movement. As businesses driven by their social mission, social enterprises often seek to protect their mission through their choice of legal or governance structure. From inception, good governance is essential for social enterprises are to thrive and be sustainable. It provides legitimacy, accountability and transparency for all stakeholders as well as the consumers being served.

Proper governance is required to assure that organizations:

- adhere to their original mission and operate within the parameters typical of a social enterprise;
- manage their non-profit and social vocation effectively;
- protect their capital-base and develop operational surpluses to assure sustainability;
- operate within established operational parameters to assure sustainability of investment in land, human resources, plant and equipment;
- implement the necessary policies, regulation and reporting structures to assure accountability and transparency of their operations;
- protect public finances, grants and investments afforded to the social enterprises by third party individuals or organizations, commercial or otherwise and Government or institutions.

The Regulator needs to have the necessary competence and authority to intervene effectively to assure that these aspects are properly catered for and parameters of operation are maintained. This carries a compliance cost that is a necessary burden to protect the sustainability of the social enterprises and the interests of its final beneficiaries. Organizations that are not willing to abide by the regulatory framework of a social enterprises have other avenues to resort to such as the Voluntary Organization regime, the Cooperatives regime, the Limited Liability Company regime or the option of non-registration.
Social Enterprise policy is an opportunity to develop a governance framework for organizations who want to develop and grow within the social economy providing the legitimacy, accountability and transparency necessary to create a fiduciary relationship between social enterprises and their stakeholders.

3.7. Regulation versus Promotion

The Research Team believes that locally, there are various regulatory bodies that are competent to manage the social enterprise regime as determined by best practice and hence no further duplication is advisable to ensure the regulatory framework is put into place. Conversely, an organisation is necessary in the form of a department of Government, agency or board is necessary for the promotion of social enterprise.

The commercial implications of social enterprise are of paramount concern for the development of the concept and to understand collocation of the entity in question since the main fear is that if maintained under a ‘social’ regime, the commercial aspect of the operation will not be developed as required by the social enterprise ethos.

Social Enterprise Policy will give the opportunity for the creation of a Social Enterprise Promotion Organisation will provide ‘one-stop’ shop services for the formation, promotion and development of Social Enterprises. It can assist in sourcing project finance, developing and sourcing expertise, assuring synergies between social enterprises, and advocacy on their behalf with Government, institutions and the commercial sector.

3.8. Supporting Social Enterprise

Social enterprise has developed from the need to correct market failures in the provision of socially important goods and services and from the awareness that social problems cannot be adequately solved by traditional not-for-profit and philanthropic approaches.

The main hurdle faced by social enterprise is the sourcing of start-up capital and working capital to undertake a viable commercial activity. This derives from the not-for-profit nature of the activity and the consequential limited distribution of profits. Further, when Social Entrepreneurs approach the commercial sector to seek loan funding, they are not in a position to back loans with hypothecs resulting in high interest cost. Particularly at inception, an enterprise is not yet a discernible asset class that provides
opportunities for liquid investment. The supply of social risk capital into the sector is, therefore, a vital component of continuing growth.

Whilst the supply of short-term support such as technical assistance, grants and subsidies provide temporary ‘oxygen’ to the social enterprise, long-term financial instruments will be the best way to assure the sustainability of the organisation and longevity of services provided to its beneficiaries.

3.8.1. Incentives Map

3.8.2. Grants and Subsidies

Grants and subsidies are designed as short-term measures to assist organisations to address particular areas of the operations. These usually deal with projects or immediate support services such as utilities or supply of services. Unless grants and subsidies are structural, i.e. affecting the whole market, it is not within the social enterprise philosophy that preferential rates are applied. But, if grants and subsidies are made available to competing commercial entities, these are to be made available to social enterprises themselves.

Notwithstanding, there are three levels of block exemptions that are conducive to support social enterprises and assure that Grants and Subsidies are contemplated within the EU legal framework:
• **De Minimis:**

The De Minimis Regulation allows for aid of up to €200k to be provided to any undertaking regardless of size, so long as the enterprise has not received De Minimis aid from any other source in the last three years that would result in the total De Minimis aid to that company exceeding the threshold (De Minimis aid cannot be given to road hauliers or farmers or for directly export-related activities). While it does not need to report on the granting of De Minimis aid to the Commission, records must be kept for a minimum of ten years.

• **General Block Exemption (GBER):**

The General Block Exemption Regulation[^2], which was adopted in July 2008 (see IP/08/1110 and MEMO/08/482), exempts from notification several support measures in favour of SMEs, social aid, regional aid and environmental aid, R&D and Innovation aid, training aid and aid for enterprises created by female entrepreneurs. As long as Member States respect the conditions laid down in this Regulation, they can support companies in these different ways without having to notify them to the Commission. There are provisions that are specific relating to the kind of aid that is being granted and there are also common provisions covering issues such as transparency and reporting to the Commission.

• **Services of General Economic Interest (SGEI) Decision (Block Exemption):**

Defining an SGEI is the responsibility of each EU Member State, but the Commission has stated that it is up to them, when called upon, to assess the economic nature of the activity in question and to check that the Member State has not committed a manifest error of assessment by classifying it as a task of general interest. The main issues are:

1. **Economic:** What is clear is that the term only covers services which are “economic”. If an activity is not “economic, the State aid rules do not apply and there is no need to worry about Block Exemptions or whether the activity is an SGEI.

2. **General Interest:** The services must also be provided in the interests of the general populace. There must be an element of public good for the population as a whole, whether environmental, social, cultural or other, non-economic welfare.

The fact that a service contributes to the economic development of the region or increases employment will almost certainly not be enough, by itself, to qualify the service as an SGEI. A service which the market would supply anyway, to the standard required by the state, would almost certainly not be an SGEI. If there is no market failure it will be difficult to justify the existence of an SGEI.
Social Enterprise Policy shall ensure clarity on the nature of the services offered by Social Enterprises and define the degree of support that government can afford to these institutions. Annex 5 outlines a list of grants and subsidies that are deemed applicable to Social Enterprise.

### 3.8.3. Tax Relief

Tax Relief is a method of influencing behaviour or public attitude. In the case of social enterprise, this can be used to develop the interest of investors, donor, operators or consumers particularly because of the relative disincentive of not-for-profit nature and limited distribution. Conversely, the public/social nature of social enterprise activity is of benefit to society at large, saving significant costs to public funds.

1. **Investors**

Action is underway in various countries to create Social Stock Exchange Listings whereby stocks, share and bonds can be floated effectively creating a specialised market for these social enterprise support financial instruments. In support of this type of activity, tax relief mechanisms may be targeted at three levels: to the individual investor; venture capital; and corporate venturing schemes.

a. **Tax Relief on Purchase of Social Enterprise Equity**

These models allow individual investors choosing to invest in Social Enterprise Equity:

- Offset a percentage of cost of shares against individual income tax liability;
- Capital Gains Tax exemption on disposal, capital gains tax deferral by reinvestment;
- Capital losses can be offset against income rather than capital gains.

Conditions for such Tax Relief are:

- Shares must be fully paid up;
- Schemes with guarantees or exit arrangements will not attract tax relief;
- Not redeemable;
- No preferential rights on liquidation of the company;
- Minimum Equity retention period applies.

b. **Tax Relief on Social Venture Capital**

There are two approaches to funding non-profit social-entrepreneurial initiatives. The first approach, known as venture or engaged philanthropy, combines long-term grant making support with management assistance for non-profit social entrepreneurs. The second, known as social venture
capital, makes debt and equity investments to not-for-profit organizations focused both on social impact and financial return.

Venture philanthropy and social venture capital borrow heavily from the private sector’s venture-capital practices, where initial investment decisions are typically measured against the organization’s past history, leadership, and a business plan that provides a clear roadmap of the next 3 to 5 years of growth, with clear targets to measure success. Whether such investments take the form of philanthropy, debt, or equity, they are typically made over as many as 3 to 5 years, with the expectation that if the organization meets its targets, it can expect re-investment for continued growth.

Tax relief models for social venture capital refer to full-paid up ordinary shares of social enterprises and include:

- A percentage of the subscribed amount deducted from tax payable for the year, or the tax payable, whichever is less;
- No capital tax gains on disposal of the shares;
- No income tax on dividend income received;
- Minimum Equity Retention Period applies.

c. Tax Relief on Social Corporate Venturing

Corporate venturing takes many forms. At its most basic it can be purely a financial investment with a larger company taking an equity stake in a smaller company, i.e. the social enterprise. This is often done through a separate fund being set up specifically to invest in start-up and growth companies in the same way that a traditional venture capital firm would.

The investment also can be indirect through other venture capital funds or trusts. The larger firm hopes to make a return on its investment when share in the social enterprise is sold or floated on a stock exchange. In the case of social enterprise, this is done as part of Corporate Social Responsibility activities by Companies.

Tax relief models for social corporate venturing refer to full-paid up ordinary shares of social enterprises where the corporate does not have a controlling interest and usually include:

- Corporation tax relief of a percentage of the investment made;
- No Corporate Gains Tax exemption;
- Deferral of taxable gains arising out of (part) disposal of investment by reinvesting the gains;
- Offsetting capital losses on disposal of the asset allowed, net of tax relief obtained
2. **Donors**

Donations whether private or corporate are another form of financing to Social Enterprises. The local tax law already contemplates tax relief to institutions or individual donating to sports and culture, and, deduction of donations to the University Research, Innovation & Development Trust. The same mechanisms can be considered for social enterprise.

3. **Operators – the Social Enterprises**


5. A “non-profit making institution or organisation” means an institution or organisation:

(a) whose objects are clearly defined in its statute;

(b) whose objects expressly exclude profit making;

(c) whose statute provides that no part of its income or property is available directly or indirectly to any member, proprietor or shareholder;

(d) which, in the opinion of the Commissioner, is managed and administered in accordance with the provisions of its statute and for the purpose of its stated objects;

(e) which does not systematically aim to make a profit.’

Social Enterprises as defined fall squarely in this definition and hence, referring to Part Two – ‘Exemptions without credit’ of the same law shall be exempt from collecting Value Added Tax but are charge Value Added Tax on input products or services. This may be an incentive or disincentive depending on the proportion of Value Added that the Social Enterprise to the final product or service to the consumer. The ideal scenario would envisage social enterprises being categorised as ‘Exempt with credit’ owing to the social nature of their activity.

These are the activities ‘Exempt without credit’ contemplated in the law pertinent to social enterprises:

‘Cultural and religious services

4. (2) The supply of such cultural services and goods closely linked thereto as may be approved by the Minister.
Sports

5. The supply by non-profit making organisations of such services related to sport or physical recreation and provided to persons taking part in sport or educational education as may be approved by the Minister.

Services related to certain exempt services

6. (2) The supply of goods and services by a non-profit making organisation in the course of an activity designed to raise funds to be used for the provision of goods and services which are exempt in terms of paragraph (2) or (4) of item 11 or of paragraph (1) or (2) of item 12 of this Part: provided the activity is recognised by the Commissioner as being exclusively designed for the said purpose and provided that this exemption is not likely to cause distortion of competition.

Services supplied by independent groups

7. Services supplied by independent groups of persons whose activities are exempt from or not subject to value added tax, for the purpose of rendering to their members the services directly necessary for the exercise of their activity, where these groups merely claim from their members exact reimbursements of their share of the joint expenses, provided that such exemption is not likely to produce distortion of competition.

Services by non-profit making organisations to their members

8. The supply of services for the benefit of their members in return for a subscription fixed in accordance with their rules by non-profit making organisations with aims of a political, trade union, religious, patriotic, philosophical, philanthropic or civic nature or whose main purpose is to represent and promote the common business or professional interests of their members: provided that in any case where, in the opinion of the Minister, this exemption is likely to cause distortion of competition, this exemption shall be subject to such exceptions or limitations as the Minister may by order in writing determine.

Health and Welfare

11. (2) The provision of care or medical or surgical treatment in any government hospital or institution or in any other hospital or institution approved by the Minister for the purposes of this paragraph.
(3) The supply of human organs, blood and milk.

(4) The supply of welfare services, including services supplied by homes for the elderly, and services for the protection and care of children and young people, supplied by any government institution or by any institution or organisation recognised by the Commissioner as a non-profit making institution or approved by the Minister for the purpose of this paragraph as any institution whose activities fall within the social and welfare policy of the government.

(5) The supply of transport services for sick, injured or disabled persons in vehicles specially designed for that purpose.

(6) The supply of goods where the said supply is connected with and essential for the supply of services referred to in paragraphs (2) and (4) of this item by the hospital, institution or home, as the case may be, supplying the said services.

Education

12. (1) The provision of education or educational research, including distance learning, by a government school or institution, by the University of Malta, by a school or institution registered under the Education Act, or by any educational establishment recognised as such by the Commissioner.

(2) The provision of education or educational research, including distance learning, of a kind provided by a school or university, or of religious instruction, by a non-profit making institution recognised as such by the Commissioner.

(4) Any training in the arts which is provided by an organisation accredited by the Register for the Accreditation in the Training of the Arts.

(5) The supply of goods where the said supply is connected with and essential for the supply of services referred to in paragraphs (1), (2), (3) and (4) by the school, institution, university, teacher or organisation, as the case may be, supplying the said services.'

4. Customers

The fact that customers of Social Enterprises should typically not pay Value Added Tax is an incentive in itself. Deductions in Inland Revenue for the purchase of long-term goods and services from social enterprises shall be of benefit to develop the sector.
3.8.4. Financial & Technical Assistance

Currently, there are a number of grants and schemes which not-for-profit organizations operating in the social sector can benefit from however research has shown that not all organizations are aware of these measures and thus these are not fully exploited.

Technical Assistance is required to support social organizations to accede to schemes and grants available particularly because they require a degree of administrative commitment that is not always easy to assure.

Annex 5 outlines all grants and schemes available for organizations that have the potential to operate within the social enterprise framework. It is to be noted that current Malta Enterprise Incentives are not available to social organisations, even if they carry out a commercial activity.

Further, no legal recognition of ‘social risk capital’ means that there is no framework for social organisations to accede to commercial financial instruments and institutional ‘loan guarantees’ to mitigate risk premium on interest. This is a substantial barrier for the development of the sector.

Social Enterprise Policy shall help identify which financial and technical assistance is available to Social Enterprises.
Social Enterprise Process Map

**Definition**
- Establish a definition of Social Enterprise
- Consistent with EU Commission & EP Guidelines
- Recognition by Government, Business Community and Stakeholder
- Define areas and scope

**Legal Personality**
- Define Legal Structures that may accede to Social Enterprise Label
- Define Rights and Obligations of Organisations operating under the Social Enterprise Label
- Social Enterprise Promotion Organisation
- Define parameters for the setting up of Social Purpose Company
- Social Purpose Company
- Define Rights and Obligations of Organisations operating as Social Purpose Companies

**Social Enterprise Policy**
- Establish Benchmarks
- Social Goals
- Non-Profit Orientation
- Voluntary Social Work
- Legal Framework
- Public Funding and State Aid

**Governance & Regulatory Framework**
- Establish Reporting Standards
- Financial Reporting & Auditing
- Social Purpose Reporting & Auditing
- Review under the Social Enterprise Scenario
- Grants and Subsidies
- Social Enterprise Equity
- Donors
- Operators
- Customers
- Tax Relief
- Operational Support
- Financial and Technical Assistance
- Financial Guarantees
4. Social Enterprise Process

In determining Social Enterprise Policy, two options are available:

1. Accept the multifarious nature of social enterprise by establishing a Social Enterprise Label and assume all different legal forms respecting this label under the social economy; or

2. Rationalise all regulatory requirements under one Regulatory Framework such as the Social Purpose Company accepting only this legal setup as forming part of the social economy.

Both approaches are valid. It is a policy and administrative decision whether to choose one or the other. The Research Team has chosen to develop the Social Enterprise Label approach for ease of reference and offers a complete scenario of the framework required.

The figure above outlines the ‘Social Enterprise Process Map’ that defines the ingredients required for the establishment of Social Enterprise Policy. It depicts the strategic decisions that need to be taken to ensure that the framework is in place following European best-practice.

4.1. The Recognition of Social Economy

Defining a ‘social enterprise’ or ‘social economy’ as a form of commercial activity under Maltese Law is a first cardinal step that will allow for the recognition of the same by the Government and the local economic community. This will promote social dialogue on new forms of community action that can be provided by this new instrument.

The definition shall provide scope for governance and regulatory action, and reflect the seven guiding principles as expressed in European Parliament decision – A6-0015/2009 being:

- primacy of the individual and the social objectives over capital;
- defence and implementation of the principles of solidarity and responsibility;
- coincidence of the interests of user members and the general interest;
- democratic control by members;
- voluntary and open membership;
- self-management and independence of public authorities;
- mobilisation of the bulk of surpluses in pursuit of the aims of sustainable development, the interests of services to members and the general interest.
4.2. Social Enterprise Label

The multifarious nature of the Social Economy means that organisations with various legal forms may claim that they are Social Enterprises. Establishing a Social Enterprise Label shall define and distinguish those organisations that are operating within the standards established by the law and are eligible to benefit from policies intended to promote, encourage and stimulate the social economy and the setting up of social enterprises in co-operation with the private sector.

Core conditions under the Social Enterprise Label shall include:

- A clear description of the social aim established in the statute of the organisation;
- A special report shall be written annually and filed together with the annual report and/or accounts to describe how the social aim has been realized;
- The allocation of profits should be organized in accordance with the social purpose of the organisation;
- No or only a very limited distribution of profits to its members. Most legislations determine a maximum limit of 6-10%. The introduction of such a concept would entail the exclusion of social enterprises from the purview of the Voluntary Organizations Act.
- The statutes must describe the democratic structures adopted by the organisation;
- In the case of the liquidation of the surpluses must be allocated to a goal that resembles the original social goal set forward by the organisation.

Whilst retaining their legal personality and obligations towards their Regulator, omnibus legislation is required to designate a Government Entity to act as a custodian and promoter of social enterprise and manage the rights and obligations under the social enterprise label. Hereinafter, this organisation shall be referred to as the Social Enterprise Promotion Organisation (SEPO).

Indeed in terms of Chapter 463 of the Laws of Malta, Malta Enterprise has the function to originate, lead and further initiatives relating to the economic and social development of Malta, to lead Malta’s strategy, ensuring its implementation, as well as to develop and provide the required assistance and support services. The experience of this organisation in the commercial sector and its established expertise in managing incentives put it in a prime position to undertake this strategic activity.
The SEPO should also be charged with the development of a social dialogue possibly by creating a Maltese Council for the Social Economy and train Regulators in the management of the Social Enterprise Label. It is to provide a framework for the collection, processing and analysis statistical information about the social economy, with the Regulators acting as first point of contact, to assure continuous development of social enterprise policy.

4.3. The Social Purpose Company

To offer structures that reflect and stimulate the growth of the social economy the introduction of a new legal form of a Social Purpose Company (SPC) consistent with the Social Enterprise Label and SEPO legislation is being proposed. The limited liability company is present in most jurisdictions worldwide as it has proved to be an excellent business vehicle in that it provides flexibility, good governance, and in most countries is provided a legal persona distinct from that of its members. Such a structure would be best suited in respect of the social enterprises having large turnovers.

The SPC shall be established under the Companies Act and regulated by the Registrar of Companies and shall be set aside from commercial partnerships and companies. To assure consistency the Social Purpose Label, a number of conditions shall be imposed to authorize its incorporation. Such conditions may include:

- A clear description of the social aim must be given in the Memorandum & Articles of Association of the Company.
- A special report shall be written annually and filed together with the company’s director’s report and/or accounts to describe how the social aim has been realized.
- The allocation of profits should be organized in accordance with the social purpose of the company.
- No or only a very limited distribution of profits to its members. Most legislations establish a maximum limit of 6-10%;
- The statutes must describe a procedure for workers to become partner.
- In the case of the liquidation of the company surpluses must be allocated to a goal that resembles the original social goal set forward by the company.
Fines for breach of any conditions, including joint and several liability of the directors for such fines, maybe imposed to deter abuses. The ability to distribute a small amount of profit may stimulate investment in the social economy while still allow the achievement of the social objectives.

4.4. Governance and Regulatory Framework

European best practice has shown that the success of social enterprise depends on effective governance and regulatory framework, and the ability of institutions to manage the Social Enterprise Label effectively to reflect realities of the sector. The establishment of financial and operational benchmarks by the SEPO are vital to ensure that the Social Enterprise Label is relevant producing sustainable capital structures and economies of scale that are credible with institutions who support and invest in the sector.

Benchmarks shall reflect the social goals, the not-for-profit orientation, development of voluntary social work, the legal framework, public funding and state aid issues. Consistent with these benchmarks Reporting Standards for Financial Reporting and Auditing, and Social Purpose Reporting and Auditing need to be established and enforced.

4.5. Social Enterprise Promotion

To develop the sector, organisations operating under the Social Enterprise Label, however they may be structured, shall be eligible to all incentives available for commercial enterprises under Maltese law. The nature of social enterprise activity is commercial and therefore shall be placed at par with other players in the market. The Social Purpose and Not-for-Profit nature of their activity should place them at the forefront to consideration by institutions for support.

SEPO shall have the responsibility to facilitate and provide advice to social enterprises on the incentive framework available for them. It is proposed that SEPO takes the lead in taking the following action in this regard:

1. Grants and Subsidies: To take action with Government institutions to review their incentives to include social enterprises giving them prime consideration because of their contemplated governance and regulatory framework;
2. Social Enterprise Equity: To intervene with the Malta Financial Services Authority and the Malta Stock Exchange to create a regulated market/secondary listing for Social Enterprise Equity and create Tax Relief in support of the purchase of such equity, Social Venture Capital and Social Corporate Venturing.

3. Tax Relief: To provide advocacy with tax authorities to provide incentives for donors, operators and customers of social enterprises to promote and nurture their growth as institutions;

4. Financial Assistance: To establish a forum between the Banking Community and Government to establish a framework through which social enterprises can accede to financial instruments and mitigate financial risk. This will aim to facilitate access and minimise the cost of finance for these organisations;

5. Technical Assistance: To act as a Social Enterprise Incubator by providing ‘hand-holding’ services start-up Social Enterprises in terms of business planning, marketing, human resources management and technical expertise.
5. Conclusion

The implementation of Social Enterprise Policy offers the possibility to develop a new form of organisational entity that can provide a suite of community services to vulnerable categories in society on a commercial basis alongside Government institutions and the private sector.

The social purpose and not-for-profit nature of these organisations means that they have particular requirements to be develop within a commercial environment. Hence, sustainability of the model depends on the capital structure and economies of scale that these organisations are able to achieve in delivering their social goals and objectives.

Further, the right regulatory and incentives framework can help create a new market for ‘social risk capital’ assuring that these organisations can operate with a strong financial infrastructure without the dependency on Government or donations.

The European Commission has put the social economy at the forefront of its 2020 Agenda and most member states have developed of recent legislation to sustain its development. Consistent with these initiatives, Malta has the opportunity to develop its own model of social enterprise respecting its unique characteristics of a small market economy and its long tradition in the social volunteering sector.

One augurs that this legislation is put in place for the benefit of the community.
Endnotes


6 Chapter 442, Co-Operative Societies Act, Page 35-36

7 ‘What Strategies do Value-based Organizations Adopt to Resist Incursions on their Organizational Values from Public or Private Sector Markets?’ By Mike Aiken, Co-operatives Research Unit, Faculty of Technology, The Open University September 4 - 6th 2002
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