

# **Study “Impact of State aid on the Development of the Social Economy and Service providers for Persons with Disabilities”**

**Presentation of main insights,  
promising practices and policy  
recommendation**

Valentina Caimi, LinkinEurope SPRL &  
Mathias Maucher

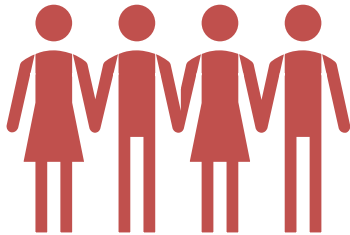
**Joint EASPD-SSE Webinar**

**”How can State Aid Best Support  
Inclusive Employment & Social Impact?”**

**7 November 2023**



# Objectives of the study



- Give an overview of the State aid rules applicable to social economy enterprises (SEEs) and social service providers (supporting PwD)
- Assess opportunities and challenges for social economy enterprises and social service providers by using state aid frameworks
- Present promising practices
- Provide recommendations



# Countries and organisations covered

Interviews between April and July 2023 with social economy organisations (including WISE) and social service providers (mostly supporting PwD)

Common characteristic: All are combining an economic activity with a social mission and all operating with a non-distribution constraint / asset lock

- 7 countries: BE, CZ, DE, ES, FR, HR and RO
- 5 EU-level organisations: CECOP; EASPD; EDF; RREUSE; SGI Europe

Promising practices from BE, BG, DE, EL, ES, IT and SE

SGEI legal  
framework:  
Key  
instruments  
allowing  
exemptions  
from  
notification

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**SGEI de minimis regulation** (up to EUR 500,000 over three fiscal years) & **general de minimis regulation** (up to EUR 200 000 over three fiscal years)

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**General Block Exemption Regulation** defines categories of state aid considered compatible under certain conditions. **Aid for training, recruitment and employment of disadvantaged workers and workers with disabilities**

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**2012 Commission SGEI Decision** applies to certain types of SGEI compensation constituting State aid of an amount between EUR 500,000 and EUR 15 million per service per year

# Key insights from the interviews (1) General



*Still insufficient knowledge "on the ground" of opportunities provided by all instruments of the State Aid Framework, as to the use of the SGEI de minimis Regulation, the GBER and the SGEI Decision in particular*



*Lack of clarity about options for the cumulation of state aid for the same SGEI or from different sources (including EU funds); Non-use of combined funding due to overcomplicated rules and risk to be asked to pay back money*



*Underdeveloped social economy ecosystem in EU MS, confronted with difficulties to access finance (due to asset lock) and with ill-adapted legal statutes for social enterprises, including WISE, in particular in countries of CEE*

# Key insights from the interviews (2) General (continued)



*Very dominant recourse to the use of general de minimis Regulation, in particular in countries of CEE, due to the fear by LRA deciding on the attribution of state aid to commit mistakes, to get legal complaints and, thus, delays*



*Opportunities to use state aid rules for social purposes exist for providers entrusted with a public service mission => SGEI. Social enterprises (e.g., WISE, custom work companies), might lack such an entrustment (& thus state aid)*



*Persistent inadequate amounts of state aid, in particular for social enterprises/social service providers with more staff and subsidies for the training or recruitment of (at least 30%) PwD to support their labour market insertion*

# Key insights from the interviews (3) Opportunities



*More use of state aid to support the recruitment, employment and training of PwD => Wage subsidies and compensation of additional costs (reasonable accommodation; supported employment; transport)*



*Better use of state aid to increase the employment of PwD - and to realise their transition into the mainstream labour market / non-segregated settings – and of other vulnerable groups => Inclusiveness*



*Strategic use of the obligation for EU MS of UN CRPD Article 27 "Work and Employment" => Enact measures and do investments in freely chosen or accepted employment, decently paid for PwD, in inclusive labour*

# Key insights from the interviews (4) Challenges



*Thresholds defined in the general (200,000€) and SGEI (500,000€) de minimis Regulation are clearly too low, in particular for entities employing more PwD or staff => Insufficient consideration for inflation and higher costs*



*Insufficient knowledge or awareness of the options provided by the GBER on access to finance for social enterprises (Art. 21: risk finance aid; Art. 22: aid for start-ups) => Training & Capacity Building*



*State aid rules are often stricter than ESF/ESF+ rules (e.g., requiring documents no longer needed when using a Simplified Cost Option or compliance checks for state aid), leading to a higher workload for beneficiaries and MA*



# Key insights from the interviews (4) Challenges (continued)



*Underdeveloped, not sufficiently trained and/or understaffed LRA; Burdensome procedures; Insufficient knowledge on the management of EU funds by LRA or Managing Authorities => Training & Capacity Building*



*Insufficient knowledge by social service providers / social enterprises of the potential of all state aid instruments as leverage for service innovation and policy change, e.g., toward supported employment => Training & Capacity Building*



*Lacking EU-wide stakeholder forum to exchange on and learn from solutions, promising practices or common obstacles for the access to and use of state aid => Disability Platform; ESF Trans-National Cooperation Platform*

# Promising Practice: Belgium (Wallonia)

Innovation (since 2018): **Shift from use of SGEI de minimis Regulation to SGEI Decision for financial support > 500,000 € - 15 mio. €**

Measure publicly supported: Creation of employment in local services which have a social purpose (2008-today)

Target group for the insertion into the labour market/employment offering the services: Long-term unemployed persons

Target groups to use the services developed: Low-income persons; PwD; persons 65+ & social economy organisations

Aims: Non-distortion/non-reduction of the service offer by local SME ✓ & **Use of instrument giving more flexibility ✓**



# Promising Practice: Germany

What? Use of ESF-funded pilot project ("*Rückenwind*" = tail wind) run by the German Welfare Associations (under the roof of BAGFW) to support the effective recruitment, retention and training of staff in different sectors of social services => **Guidance on correct use of state aid**

Objectives: Support of change in 3 areas of a social service provider: 1) Workforce development: training programmes; leadership coaching; concepts for staff retention; skills development; 2) Organisational development: digitalisation processes/digital transition;

improvement of effectiveness/streamlining work and administration processes; development of new work organisation models; 3) Cultural change: Adaptation to "new" communication models (e.g., digital planning and working time tools) and "new" work environments (e.g., telework)

Problems encountered: 1) Too high co-funding rates for small social economy organisations / NGOs to apply (and insufficient own reserves); 2) Lack of funding to initiative and accompany the change processes; 3) Lack of follow-up funding to upscale successful pilot projects

Problems encountered point to the challenge of combining funding from ESF/ESF+ with follow-up/parallel funding from national sources and to problems with the cumulation of public money - as state aid - from ESF/ESF+ and ERDF (or Just Transition Fund, etc., for green transitions)



# Promising Practice: Italy (1): Multi-service cooperative supermarkets offering some social services in the Province of Trento

Context: Province of Trento counts several very small municipalities with around 50 inhabitants each; isolation and lack of services

Solution: supermarkets owned by cooperatives are often the only existing social gatherings

The Province encourages these cooperatives to offer additional social services: support for the booking of specialised medical consultations, delivery point for medicines sent from neighbouring pharmacies

When they do so, they are considered SGEI and contribution under de minimis



# Promising Practice: Italy (2): 'Italia Economia Sociale' Programme – under GBER

From Invitalia, National Agency for attraction of investments and business development;  
SHIFT from de minimis to GBER

Objectives: Eligible for aid are investment programmes aimed at the creation or development of social economy enterprises that provide, among others, for the employment or social inclusion of PwD or disadvantaged people

All economic sectors and whole country; Investment programmes from EUR 100,000 to EUR 10 millions

Eligible costs: costs of adapting premises, adapting or acquiring equipment or software; for the use of workers with disabilities; costs of staff time devoted exclusively to assisting workers with disabilities; costs directly related to the transport of workers with disabilities to the workplace and for work-related activities



# Promising Practice: Sweden 'Samhall' – under SGEI Decision

Samhall is a state-owned company whose assignment is to create work that furthers the development of people with functional impairment. There was a complaint about the aid they received. The Commission found it not in line with the internal market.

After several exchanges with the Commission, the Swedish authorities modified the legislation (entrustment act) and the Commission found it compatible with the SGEI Decision.

Compensation is decided every year.

Eligible costs: Samhall's additional costs for employing staff with disabilities resulting in a reduced capacity for work; costs for special aids and adjustments to equipment, machinery, vehicles, premises, etc.



# Recommendations to social service providers/SEEs

1

EU umbrella organisations to support the capacity building and knowledge creation of their members in EU MS  
=> use of GBER and SGEI Decision

2

Call on LRA, MA and Ministries to organise training on state aid rules, to develop material and to set up support structures for social service providers

3

Devote time and energy to build up trustful relationships and partnerships with LRA and MA to use state aid for service innovations / policy change (for PwD)

# Recommendations to EU MS and public authorities (1)

1

Better definition of "social" SGEI => PwD; other disadvantaged groups; More use of entrustment acts for SGEI => Public service mission / obligation

2

Engage in cooperation with all stakeholders using state aid to overcome policy fragmentation and to design user-focused policies and services

3

Increase resources for and improve cooperation on the organisation of training seminars (internal; external) and the elaboration of easy-to-use (training) material



## Recommendations to EU MS and public authorities (2)

1

Improve policies and measures which help realising integrated services and rights-based coordinated support (services) to train, recruit and employ PwD

2

Elaboration of collaborative monitoring mechanisms with NGOs for the effective use of public money "handed" out by means of state aid

3

Facilitate the creation of multi-stakeholder networks and permanent fora at national level to address obstacles and to enable mutual learning

# Recommendations to European Commission (1)

Tackle insufficient knowledge / understanding of state aid instruments and rules in place

1

Organise training seminars addressed to LRA, MA and social service providers / SEEs and produce easy-to-understand material; update EC Guide

2

Set up an EU-wide stakeholder mutual learning forum for LRA, MA, social service providers and SEEs to exchange on experiences, obstacles, solutions

3

Set up an helpdesk to which public authorities in the EU MS can address questions before they have to send requests for notification of state aid

# Recommendations to European Commission (2)

## Clarify rules and make opportunities more visible

1

Clarify the concepts of 'single undertaking'/'linked undertaking', relevant for many providers organized as umbrella organisations

2

Clarify the meaning of 'market failure'.  
"Would a service be offered at an adequate level (quantity; quality) by the market if there was no public financial support"?

3

Make more visible:

- investments in assisted technologies
- funding for start-ups and social enterprises led by PwD

# Recommendations to European Commission (3)

## Proposals for revision of general or SGEI de minimis Regulation, GBER or SGEI Decision

1

Increase thresholds in de minimis and SGEI de minimis reg., to recognise specific public service missions, ways of operating and barriers to access to finance

2

Improve provisions (threshold > 10 mio. €; higher aid densities) of the GBER to leverage the employment of PwD and other disadvantaged groups

3

Improve definitions, e.g., "handicap" in the GBER or "social housing" in SGEI Decision. Revise legislation referring to 4° Altmark criterion to allow procurement based on MEAT

Thank you for your attention!

[linkineurope.vc@gmail.com](mailto:linkineurope.vc@gmail.com)  
[mathias.maucher@gmail.com](mailto:mathias.maucher@gmail.com)



Social Economy Gateway: State Aid:  
Mutual Learning Activity for Public Officials (May-June 2023):  
[State Aid Support and Social Economy](#)