



A map of social enterprises and their eco-systems in Europe

Country Report: Portugal

European Commission

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Headline summary

Definition(s) and concepts

The social enterprise concept is not yet fully stabilised in Portugal. There is discussion about the meaning and the contents of this concept. The debate has revolved around the concept of "social economy" and, more specifically, around the "Social Employment Market" (Mercado Social de Emprego) and 'empresas de inserção' (work integration social enterprises-WISE), aiming at the work integration of disadvantaged persons.

Policy and legal framework

The Law on Social Economy (adopted in March 2013) is a framework law. It identifies the organisations that integrate the Portuguese social economy: cooperatives, mutuals, misericórdias (mercies), foundations, other private institutions of social solidarity, associations with altruistic aims that act in the cultural or sports sphere or in local development, entities in the communitarian and self-managing subsectors, integrated in the terms of the Constitution and active in the social and cooperative sector and other entities with a legal personality and that respect the principles of the social economy. The law excludes more market-oriented organisations of being considered part of the Social Economy Sector, focusing on the third sector or social organisations, but not enterprises as such.

Portugal also has a legal status for organisations in the social action area ("IPSS- Private Institutions of Social Solidarity"), which closely resemble the EU definition of social enterprises. IPSS are "non-profit institutions, created by private initiative, with the purpose of giving organized expression to the moral duty of solidarity and justice between individuals and they are not administered by the State or a local government body to proceed among others, their goals, through the provision of goods and services". The IPSS can be Associations of social solidarity; Associations of voluntary social action; Associations of mutual aid; Misericórdias (mercies), Foundations of social solidarity, Social and Parochial Centres and Institutes of Religious Organization.

Public support and initiatives

Some initiatives of public support have been developed, especially since the start of the economic crisis, which made public intervention in favour of social cohesion ever more urgent. An example would be the newly Social Solidarity Sector Restructuring Fund (FRSS), aiming to "reinforce existing social responses, implement new actions and proceed with enlargement of social support measures to cover all citizens who find themselves in a situation of social vulnerability").

Networks and mutual support mechanisms

Networks and mutual support mechanisms are not well established in Portugal. Social initiatives seem to be more based on donations than on economic activity.

Marks, labels and certification systems

Although there are no marks, labelling schemes or certification systems for social enterprises as such in Portugal, The IES (Institute for Social Entrepreneurship) has a certification 'stamp' in place to identify good practices of social enterprises.

Social investment markets

In principle there are funding possibilities for social entrepreneurs. Besides the resources that organisations generate on their own, public funds are the main source of social funding. EU funding is another important source.

Spectrum of social enterprise

Although there is no official delimitation of the notion of social enterprise, IPSS (Private Institutions of Social Solidarity) status closely resemble the EU definition of social enterprises. IPSS are “non-profit institutions, created by private initiative, with the purpose of giving organized expression to the moral duty of solidarity and justice between individuals and they are not administered by the State or a local government body to proceed among others, their goals, through the provision of goods and services”¹.

Scale and characteristics

It is estimated that there are 5,099 IPSS registered in the Portuguese social security. This includes associations; Misericórdias (mercies), foundations of social solidarity, social and parochial centres and institutes of religious organization.

Factors constraining the start-up and development of social enterprise

The barriers to the growth and development of social enterprises in Portugal can be summarised as follows:

- The social enterprise concept is not yet fully stabilised in Portugal and the measurement of social impact has not been yet established;
- The government cuts due to the economic crisis have reduced the availability of public resources in the sector. Furthermore, the high dependence of IPSS on public sector funding endangers long-term sustainability. At the same time, it is difficult to access investment markets;
- There are also internal barriers. There is no knowledge of how to start an enterprise: draft business plans, attain sustainable incomes, monitoring and evaluating projects.

¹ Vilarinho and da Costa (2012) The accounting of non-profit organizations in Portugal: the case of private institutions of social solidarity (IPSS), Problems of management in the 21st century, Vol5, p.72-82.

1 Definitions and concepts of social enterprise in Portugal

The social enterprise concept is not yet fully stabilised in Portugal. There is an on-going discussion about the meaning and the contents of this concept, namely among the representative unions of third sector organisations. The debate has revolved almost exclusively around the concept of "social economy" and, more specifically, around the "Social Employment Market" (Mercado Social de Emprego) and 'empresas de inserção' (work integration social enterprises-WISE), aiming at the work integration of disadvantaged persons.²

The Portuguese third sector covers a wide range of organisations, including mutual benefit associations, private institutions of social solidarity (Instituições Particulares de Solidariedade Social, or IPSS) and co-operatives.

The main concepts terms in the area are social economy (economia social), social solidarity (solidariedade social) and social enterprises (empresas sociais). Some authors label the social economy as the 'other economy' and place social enterprise in this realm. The solidarity economy and third sector are also terms that are frequently used in this context.

The concept of WISE has also been part of the Portuguese employment landscape since at least 1996 when the "Mercado Social de Emprego" was started.³ Two years later the programme of Empresas de Inserção was introduced, as part of a wider set of measures to promote the integration into the labour market of a variety of groups, such as long-term unemployed, people with disabilities and specific social difficulties, people formerly suffering from addictions, as well as young graduates looking for their first job.

Box 1 Origins and development pathways

Origins

Solidarity economy practices in Portugal display a rich tradition of organized forms as testified by the historical reference to the Mutuality of Beja (XIV century) and Pedro Espano's "Treaty on the mutualism" (XV century), or the establishment of the first Misericórdia in Lisbon, in 1498.

About 50 years later the "brotherhoods for help", akin to the medieval brotherhoods and with some of the characteristics of modern mutual societies, were born. These institutions continued for over a hundred years until the development of emerging capitalism, responsible for the increasing proletarianisation. It breaks the traditional forms of solidarity which softened the effects of the risks that affected populations.

New organisational forms of providing mutualism arise, to which adhere many interested citizens seeking to cover risks that were previously protected by the ancient "relief aid (socorrismo)".⁴

These organisations congregate new "ideas of utopian socialism and the institutionalisation of this form of welfare"⁵ that aims to replace the uncertainty of collecting alms for the "certainty of association", as was the case of the "first workers mutualistic association" created by Oporto's

² Perista, H., http://www.socioeco.org/bdf/_docs/wp_08_01_se_web.pdf

³ http://www.aps.pt/cms/docs_prv/docs/DPR4616dcd72e64e_1.pdf

⁴ Costa, 1986 : 21-22

⁵ Pereira, 1986 : 137

typographers.

This kind of mutualistic movement emerged as a reaction "to the inhuman conditions of how working classes were treated, especially those of the industry, considering the many risks to which they were subject, in particular sickness, disability and the survival of their families".⁶

The "Fraternal of the Fabrics Manufacturers" was the first Portuguese cooperative (1858), although the most integrating example corresponds to the "Oporto Cooperative Society and Savings Institution" (1871) that contemplated loans, the construction of housing for members, the purchase of raw materials for the industrial activities of the members and the marketing of these products and consumption.

Portugal was the second country in the world to have a cooperative law on July 2, 1867, whose first article stipulated that "[c]ooperatives are associations of an unlimited number of members, and indeterminate and variable capital, instituted with the purpose of mutually assist members in developing their industry, their credit and their domestic economy". Two decades later (1888) cooperatives were integrated, in an autonomous way, in the "Commercial Code", that would remain in place for nearly a hundred years, until 1981.

According to Leite (1993)⁷ three phases can be identified in the Portuguese cooperative movement. The first, which the author calls "paternalistic", spans from 1850 to 1910 and is characterized by the State's participation in the promotion of the cooperative movement. The second phase – "interventionist" – corresponds to the authoritarian control in which the dictatorship, started in 1926, will lock the cooperative movement until 1974. The third phase – "democratic" – pertains to a period of expansion supported by the introduction of the current democratic regime with the inherent freedom of association.

The third phase can be divided into three periods: the large growth in the number and diversity of cooperative type organisations; the subsequent attempt of framing and support of the public powers with the creation of a regulatory institution (INSCOOP) and specific legislation ("Cooperative Code" of 1981); the consolidation of the sector in the past twenty-five years with a progressive accountability on the part of the State and of the cooperative confederations, which led to the creation, in 2011, of the "António Sérgio Cooperative for the Social Economy" (CASES), rooted on an effective partnership between the State and the representative organisations of the social economy sector, assuming the legal form of a "public interest cooperative".

CASES's goal is to promote the strengthening of the social economy sector, deepening the cooperation between the State and the member organisations.

Meanwhile Corporate Social Responsibility is a relatively recent phenomenon in Portugal as informal way by a large percentage of companies but it only emerged as an autonomous management discipline around the 2000s and experienced a significant boom as the Social and Economic Council published an opinion on CSR, NOVADELTA became the first company certified under the SA 8000 Standard and more enterprises published CSR reports⁸.

The concept of social entrepreneurship can be said to have its roots in the second half of the 20th century with the emergence of the cooperative movement promoted by figures such as António Sérgio.⁹

Development pathways and the evolving landscape

One can identify transformations of the sector in the 1980s, translating into an increasing number of

⁶ Rosendo, 1996 : 236

⁷ Leite (1993), p.41

⁸ CECOA (2004) Corporate Social Responsibility: State of the Art in 2004, p.10-11

⁹ Parente, C. et al (2012), Perspective of Social Entrepreneurship in Portugal: Comparison and Contrast with International Theoretical Approaches, *International Review of Social Research*, p.104

organisations, a diversity of legal forms and operating areas and the creation and development of platforms, networks and governing bodies.¹⁰ This period saw the creation of the Portuguese Union of Charities in 1976, the Portuguese Union of Mutual Societies and the IPSS (Private Institutions of Social Solidarity) during the 1980s. In the same period, the Portuguese Platform of Non-Governmental Development Organisations, the National Federation of Social Solidarity Cooperatives and the Portuguese Cooperative Confederation were set-up. This development continued in the 1990s with the Portuguese Foundations Center and the Portuguese Association for Local Development.

While the 1990s saw steady growth of the Portuguese economy at an average pace of over 2.5 per cent annually, persistent structural problems resurfaced in the 2000s as the country suffered from a 'lost decade' between 2000 and 2012. Portugal struggled to retain competitiveness, low productivity rates and rapid increase in the size of the government and public private debt.¹¹ With the central government having to tighten its belt, an ageing population and a labour market characterized by the high unemployment rates, led to a change in the structure of the economy.

Given the increase in poverty and unemployment as a result of the global economic crisis in 2008, the government launched national reform programmes that also indicate the role of the social economy in fighting social exclusion and inequality, improving the effectiveness and efficiency of social protection, and promoting the third sector by focusing on social entrepreneurship.¹²

¹⁰ Parente (2012), p.109

¹¹ Reis (2013) The Portuguese Slump and Crash and the Euro Crisis

¹² Portugal 2020: Programa Nacional de Reformas, <http://www.observatorio.pt/download.php?id=378>

2 The ecosystem for social enterprise in Portugal

2.1 The policy and legal framework for social enterprise

2.1.1 Legal framework

In June 2013 a new law framing the sector, the "Social Economy Law", was enacted after a unanimous vote by the Portuguese parliament. Changes in the specific laws for four of the "families" of Social Economy (cooperatives, mutual societies, associations and foundations) are currently in preparation, with the exception of the "misericórdias" that are governed by the Roman Catholic Church law¹³.

The "Social Economy Law" identifies the organisations within these five "families" as those that integrate the Portuguese social economy, referring to whether other types of organisations may be integrated if they respect the principles set out in Article 5 of the law. This article effectively excludes more market-oriented organisations of being considered part of the Social Economy Sector, regardless of their social object and even when restricting the payment of dividends or the range of salaries. This shows that public policy for the social economy is entirely focused on the third sector or social organisations, but not enterprises as such.

In reality, this 'social economy' stands in between a market and public economy, and its recognition alongside these other two spheres is explicit in the Portuguese Republic Constitution as the "Cooperative and Social Economy".

New Law on Social Economy sector (adopted in March 2013)

The Portuguese Social Economy Law 68/XII (13th of March 2013) is a framework law, setting the general, fundamental legal framework on the issue. The first article of the law refers to the Portuguese Constitution, establishing the general basis for the law, as well as measures to incentivize the sector. The Constitution highlights mainly two principles: the principle of a plural economy or coexistence of various economic sectors (including the public, the private, and the cooperative and social) (Art. 82, 85); and the principle of positive discrimination of the cooperative and social sector (Art. 80, 85).

The law remains relatively general on government-SSE relations. It states that SSE organisations are represented in a so-called Economic and Social Council and other bodies having the competency to define strategies and public policies in support of SSE. Art. 10 does highlight the role of government in enhancing dialogue between public agencies and representatives of the SSE sector at national and EU levels, thereby promoting mutual understanding and dissemination of good practices.¹⁴

In the new Law associations, cooperatives, foundations, mutual-type associations and Misericórdias are directly integrated into the Social Economy sector, but any other structure (for example, 'capitalist' social enterprises understood as the entities where the redistribution of the profit is possible according to the share of the capital held) must satisfy requirements stated in the article 5 of the law (in broad sense the ICA cooperative principles) and be registered on the social economy organisations database that the Government should set up and keep updated as envisaged in the article 6.

Furthermore, article 6 obliges the Government to maintain a satellite account for the social economy. Its first edition has already been published by the National Statistics Institute and highlights the

¹³ This last point does not include the oldest and best-known misericórdia, the Santa Casa da Misericórdia de Lisboa, which is a private entity

¹⁴ United Nations, 2013. Research Institute for Social Development. Available at: <http://www.unrisd.org/80256B3C005BE6B5/search/4F3B00A8643CF846C1257B7A00477D13?OpenDocument>

importance of the "non-market" sector (mainly services to families) of the social economy delivered mainly by associations, foundations, misericórdias and cooperatives with IPSS status and mutual-type associations.

Portugal also has a legal status for organisations in the social action area ("IPSS") from which may benefit, in special circumstances, cooperatives, foundations and philanthropic associations and that is assigned, by definition, to mutual associations and "misericórdias".

The IPSS designation corresponds to the acronym for Private Institution of Social Solidarity, a status that allows fiscal advantages and access to public funds. This is a concept that has similarities with the "idea" of "social enterprise" being developed in the European Union, although the status of IPSS is limited to the Social Economy organisations, i.e. vetoed to market-oriented enterprises.

Apart from a public and private sector the 1976 Portuguese constitution introduced a cooperative sector. In 1989 the revision of the constitution amended this cooperative sector to include the 'communitarian' and 'self-management' sub-sectors, thus creating the concept of social cooperatives. A further constitutional amendment in 1997 included the 'solidarity' sub-sector, which includes all non-profit legal persons that have the objective of social solidarity, making special references to mutuals.¹⁵

As the Portuguese "social solidarity co-operative" (cooperativa de solidariedade social) legal form was created in 1997, this type of cooperative provides services with an objective to foster the integration of vulnerable groups, such as children, people with disabilities and socially disadvantaged families and communities. Portuguese social solidarity co-operatives combine in their membership users of the services, workers and volunteers; they cannot distribute any profit to their members.¹⁶

2.1.2 Public policy

Public policy in the area of the social economy concerns a number of entities. The Economic and Social Council (Conselho Económico e Social) is a constitutional body for consultation and social dialogue. Its main goals are to promote the participation of economic and social agents in decision-making procedures of the organs of sovereignty, within the scope of socioeconomic issues. It is the space for dialogue between the Government, Social Partners and remaining representatives of an organised civil society *par excellence*.¹⁷

The National Council for the Social Economy (Conselho Nacional para a Economia Social, CNES) consults and monitors the political proposals linked to the growth of the social economy sector. It advises the government and carries out research and publishes studies.

The Institute for the Support of Small and Medium-sized Enterprises (Instituto de Apoio às Pequenas e Médias Empresas e à Inovação, IAPMEI) was set up by the Portuguese government in 2007 to promote competitiveness, SME growth, strengthen innovation and entrepreneurship and support business investment. It also has a growing interest in supporting social entrepreneurship, probably best exemplified by the signing of a cooperation agreement with the Santa Casa de Misericórdia de Lisboa on 30 April 2013 to establish the Social Innovation Bank (Banco da Inovação Social, BIS).¹⁸

Table 2.1 Legal forms in Portugal

English	Portuguese
Association	Associação

¹⁵ Namorado (2006), R. A economia social: uma constelação de esperanças, p.9

¹⁶ http://www.socioeco.org/bdf/_docs/wp_08_01_se_web.pdf

¹⁷ <http://www.ces.pt/42>

¹⁸ http://www.iapmei.pt/iapmei-not-02.php?noticia_id=1063

English	Portuguese
Limited Liability Cooperative	Cooperativa de Responsabilidade Limitada
Foundation	Fundação
Mutual	Associação de Socorros Mútuo / Mutualidade
NN	Misericórdia
Limited liability company	Sociedades de Responsabilidade Limitada

2.2 Public support schemes targeting social enterprises

The government has a growing interest in the role that social enterprises and social economy organisations can play and this is reflected in a few initiatives of public support. Social needs resulting from the economic and financial crisis that began in 2008 made public intervention in favour of social cohesion ever more urgent, which is attempted through the establishment of some “public-social partnerships” such as the newly created Social Solidarity Sector Restructuring Fund (FRSS).

This Fund will be managed by the State and by the organisations representing the “misericórdias”, the mutual societies and other institutions with IPSS status, aiming to “reinforce existing social responses, implement new actions and proceed with enlargement of social support measures to cover all citizens who find themselves in a situation of social vulnerability”).

Since 1998, the government has also supported WISE enterprises with special subsidies that could last up to seven years, but support of this type has been phased out and no new subsidies have been awarded since.¹⁹ Financial support under the Programa Nacional de Microcrédito (PNM) nearly doubled between 2012 (1.1 million EUR) and 2013 (2 million EUR) and concerned 216 FTE and 51 part-time posts.²⁰

In 2010, the government also started a special support programme for the development of the social economy, further discussed below.

Finally, the Instituto do Emprego e Formação Profissional, a public employment service, provides training for people with a distance to the labour market.

Public support loans through Social Impacte

Social Impacte is a government tool launched as the Programme for supporting the development of the social economy (Programa de Apoio ao Desenvolvimento da Economia Social, PADES). PADES was created in 2010 and aims to enhance the access to funding under this programme for IPSS, mutual, misericórdias, cooperatives and other non-profit organisations.

The now defunct Ministry of Employment and Social Solidarity launched Social Investe in 2011 to start a guaranteed credit line for these entities in the social economy. It concerns a start value of EUR 12.5 million, mainly as warranty benefits under a mutual guarantee system, as well as interest rate subsidies and guarantee fees. The credit line is provided through CASES (Cooperativa António Sérgio para a Economia Social), IEFP (Institute of Employment and Professional Training, or Instituto do Emprego e Formação Profissional) and member bank institutes and mutual guarantee providers.²¹ The maximum amount of funding is EUR 100,000 per organisation or 95 per cent of the project value.

¹⁹ Interview Carlota Quintão

²⁰ Information provided by the Ministry of Solidarity, Employment and Social Security by e-mail

²¹ Couto, A.I., P. Guerra, M. Santos (2012), Programa de Apoio à Economia Social (Social Investe): Uma Leitura Preliminar

In 2013 60 organisations received such loans, 37 being IPSS, 3 mutuals, 10 misericórdias, 4 cooperatives and 6 other type of entities (not specified), for 1.3 million EUR.²²

Table 2.2 Overview of publicly funded schemes specifically designed for or targeting social enterprises

Support type	Are there any schemes specifically targeting social enterprises?*	Are any of these schemes funded by ERDF/ ESF?
Pre-start support (e.g. incubators)	✓	X
Awareness raising (e.g. awards)	✓	X
Social entrepreneurship education (e.g. school for social entrepreneurs)	✓	X
Business support (e.g. business planning, management skills, marketing etc.)	✓	X
Training and coaching schemes	✓	X
Investment readiness support	X	X
Dedicated financial instruments	✓	X
Physical infrastructure (e.g. shared working space)	✓	X
Collaborations and access to markets	✓	X
Networking, knowledge sharing, mutual learning initiatives	✓	✓

* schemes targeting social economy entities

2.2.1 ESF and ERDF support

The ERDF supports several projects in the area of social entrepreneurship, mostly in the Operational Programme for Competitiveness. An example is the Mapa da Inovação e Empreendedorismo Social de Portugal (MIES²³), a project aimed at identifying projects of social entrepreneurship and innovation. The project received financial backing of around EUR 380,000. MIES published a booklet of ‘social solutions’ in January 2014.²⁴

Under the European Social Fund there is no specific support for social enterprises as such²⁵, but the fund does support projects in the area of work integration. An ESF project in the Azores provides temporary employment for unemployed women to cover for people who are taking maternity leave.²⁶ Over 550 persons participated and the ESF contribution amounts to more than EUR 1.2 million. It also includes at least 226 entities and over 10,000 people of the social economy receiving support in professional training.²⁷

²² Information provided by the Ministry of Solidarity, Employment and Social Security by e-mail

²³ <http://www.mies.pt/index.php/pt/>

²⁴ <http://www.mies.pt/index.php/pt/noticias-pt/97-ultimas/201-booklet-de-solucoes-sociais>

²⁵ <http://ec.europa.eu/esf/main.jsp?catId=46&langId=en&keywords=&country=394&theme=531&list=1>

²⁶ <http://ec.europa.eu/esf/main.jsp?catId=46&langId=en&projectId=480>

²⁷ Programa Operacional Potencial Humano (POPH), Relatório de Execução 2012

Mapa da Inovação e Empreendedorismo Social de Portugal (MIES)



MIES

Mapa de Inovação
e Empreendedorismo Social

MIES is a pioneer research project that aims to identify and map all the Portuguese innovative initiatives. The main objective is to contribute to the growth and competitiveness of a

new Portuguese market based in social innovation and social entrepreneurship.

After a pilot of identifying ventures on social innovation and social entrepreneurship in Vila Real, Porto and Cascais the study is now covering the entire country and with over 4,000 identified initiatives and over 800 interviews to be carried out, the project should be finished by late 2015.²⁸ When the project is finished it will be the first country in Europe to have a thorough overview of social entrepreneurship in the country.

2.3 Other specialist support and infrastructure available to social enterprises

The Faculty of Economy of the University of Coimbra has a centre specifically dedicated to the social economy, the Centro de Estudos Cooperativos e da Economia Social (CECES)²⁹.

A variety of (Portuguese language) courses exist for prospective social entrepreneurs, such as WACT Spirit at the University of Lisbon³⁰, a Master in Entrepreneurship and social service at the University of Beira Interior³¹, a Master in Social Intervention, Innovation and Entrepreneurship at the University of Coimbra³² and a Master in Social Economy and Solidarity at the Lisbon University Institute.³³ CECES also offers a postgraduate course in Social Economy³⁴.

At the same time 'social economy training' is offered by a specific institute set-up to provide social economy training, called FORMAES.³⁵ In 2011, 420 hours of training were provided to 111 people, in 2012/2013 this concerned 1,155 hours for 218 people.³⁶

Workshops, teambuilding sessions, discussion and feedback are also offered through an annual weekly get together in Porto called 'Start up Pirates'.³⁷

Apart from courses and training, additional information is available through a variety of tools. In 2012 the Associação Empresarial da Região Oeste published an exhaustive Manual of Social Entrepreneurship for potential starters in the sector.³⁸

There have also been an increasing number of seminars, conferences and forums in the area of social entrepreneurship and the social economy in general.

²⁸ Interview with IES

²⁹ <http://www.uc.pt/feuc/ceces>

³⁰ <http://www.letras.ulisboa.pt/naa/2346-projectos-accoes-formacao>

³¹ <https://www.ubi.pt/Curso.aspx?CodigoCurso=899>

³² <http://apps.uc.pt/courses/PT/course/921>

³³ <http://iscte-iul.pt/cursos/mestrados/46/apresentacao.aspx>

³⁴ <http://www.uc.pt/feuc/ceces/pg>

³⁵ <http://www.cases.pt/atividades/formacao>

³⁶ Information provided by the Ministry of Solidarity, Employment and Social Security by e-mail

³⁷ <http://startuppirates.org>

³⁸ http://www.airo.pt/manua_do_empreendedorismo?m=b79

2.3.1 Incubators

While specific incubators for social entrepreneurs do not (yet) exist, one source indicates at least 30 different centres and incubators for aspiring entrepreneurs.³⁹ Examples include the 'Fábrica de Startups', which supports entrepreneurs in setting up their business, in three different phases (FastStart, FastLaunch and FastGrowth) and with a team of at least 25 mentors or experts.⁴⁰

Aspiring social entrepreneurs can also find support in the incubator Innovation & Entrepreneurship Center⁴¹, which includes networks of coaches and technical support for entrepreneurs, though the focus of the centre is not on social entrepreneurship as such.

2.4 Networks and mutual support mechanisms

The Confederação Cooperativa Portuguesa was formed in 1988 and unites three main cooperative federations, one of which is the Federação Nacional de Cooperativas de Solidariedade Social representing social cooperatives.⁴² It has an intercooperative forum and is part of four important official national entities in social policy, the Economic and Social Committee (Conselho Económico e Social), CASES (Cooperativa António Sérgio para a Economia Social), the Committee for the Social Employment Market (Comissão para o Mercado Social de Emprego) and the Portuguese Social Forum (Fórum Social Português).

The Fundação EDP created the Social Lab⁴³ in April 2012, a "factory" that aims to generate new innovative, impactful and replicable social business.

The main other stakeholders are IES and SEA, highlighted below.

Institute for Social Entrepreneurship



Started in 2008, the Institute for Social Entrepreneurship (Instituto de Empreendedorismo Social, IES) is a research and training centre that has aimed to raise awareness of social entrepreneurship, stimulate the development of the sector and unite social enterprises and social entrepreneurs. It has a library with documentation on social entrepreneurship, organises workshops and organises classes and training for prospective entrepreneurs and students. Most importantly, IES launched the social entrepreneurship map, MIES.

SEA – Agência de Empreendedores Sociais



SEA is a multisectoral cooperative created in 2007 by a group of social entrepreneurs. Its objective is to support the development and implementation of projects in the area of social entrepreneurship that contribute to sustainability at social, economic, cultural and environmental level.

It has several projects, such as Go Empreende (Go Entrepreneur), Garage Incubator, CriAtive Lab, +Emprego (targeted at re-integration into the labour market) and several projects aimed at training young entrepreneurs.

³⁹ <http://start-upportugal.blogspot.be/2012/07/lista-de-incubadoras-de-empresas-em.html>

⁴⁰ <http://fabricadestartups.com/>

⁴¹ <http://www.inovaportugal.com/projecto/>

⁴² <http://www.confe.coop/web/missao.html>

⁴³ <http://www.fundacaoedp.pt/inovacao-social/social-lab/social-lab/363>

The organisation choose the legal form of cooperative given that, in the absence of a separate statute for social enterprises, it was considered to be the closest possible match.

2.4.1 Social entrepreneurship prizes

The Business School INSEAD started a social entrepreneurship prize (Prémio de Empreendedorismo Social) and currently has seven shortlisted enterprises for its 2013/2014 edition.⁴⁴

2.5 Marks, labels and certification systems

While there are no labels for social enterprises as such, it can be argued that the existing legal forms for organisations in the area are a type of label too. Social solidarity cooperatives, or so-called 'cooperativas de solidariedade social', and the IPSS (private institutions for social solidarity) are both existing legal entities by which a specific group of social enterprises can be recognised.

In a similar vein, the Bolsa de Valores Sociais, the stock exchange for social organisations can be termed a label or accreditation system as it invites organisations to join based on their social impact.

The IES (Institute for Social Entrepreneurship) has a certification 'stamp' in place to identify good practices of social enterprises. It currently only refers to organisations identified in the pilot phase of the MIES mapping project (in Vila Real, Porto and Cascais) but will be expanded in the future. There are now 39 social ventures that received this certification.⁴⁵ In the future, this certificate could therefore also function as a filter or label.

There are no schemes that measure and report on the social impact of social enterprises as such.

2.6 Social investment markets

2.6.1 The supply of finance

In principle a variety of funding possibilities are open to social entrepreneurs. Public/government funds are, by far, the main source of social finance in Portugal, besides the resources the social economy organisations can generate by their own activities (fees paid by users of their services, other goods and services they sell, donations and other private transfers). In addition, EU funding as well as philanthropic activities of individuals or institutional partners are also meaningful sources⁴⁶.

Conventional banks do not distinguish specific offer for social enterprises and usually do not have specific departments/units that focus on servicing social enterprises. It is important to note that the current law in Portugal does not allow the creation of social investment funds. Some legislative consultations have been taking place in this respect though and it is probable that the law will eventually be amended to allow functioning of social investment funds.

In terms of the supply of social investment, the following initiatives can be distinguished:

⁴⁴ <http://www.premio-insead.com/index.php?cat=17>

⁴⁵ Interview with IES

⁴⁶ For instance foundations actively supporting social economy organisations are Fundacao galouste Gulbenkian or EDP

- CASES: operates the government programme “Social Investe”, a support programme for the social economy that facilitates the access to funding for organisations active in the social economy by offering credit. It offers funding to private social solidarity institutions, mutual, misericórdias, cooperatives, associations of local development and other non-profit associations of the social economy.⁴⁷
- Social Innovation Bank of the Santa Casa da Misericórdia de Lisboa: Starting from the beginning of 2014 it aims to fully roll out the Social Innovation Bank providing the funding to social enterprises complemented by the platform/network with 24 other institutions involving private consultancies, academia, government representatives and commercial banks. The fund will be backed by sources provided by Santa Casa da Misericórdia, private depositors, some sections of affluent Portugal diaspora as well as EU structural funds. Main offered product will be guarantees instead of loan.
- Bolsa de Valores Sociais: Portugal also has a social stock exchange that opened for business in November 2009⁴⁸, originally inspired by a similar initiative in Brazil. It is the second of its kind in the world and the first in Europe. It replicates a traditional Stock Exchange and works as a blender between two different sectors: the social sector and the investors. Social investors within this bourse have completely funded at least six projects for a total value of EUR 270,000.⁴⁹
- Associação nacional de Direito ao Crédito⁵⁰: a non profit institution focused on microcredit loans. Funding is also provided to social entrepreneurs, but it is unclear to what extent this is the case.

Bolsa de Valores Sociais



Bolsa de Valores Sociais: the social stock exchange opened for business in November 2009, originally inspired by a similar initiative in Brazil. It is the second of its kind in the world and the first in Europe. It replicates a traditional Stock Exchange and works as a blender between two different sectors: the social sector and the investors.

When an organisation has a project or social business connected to social entrepreneurship they can register online for support. After an assessment process the BVS selects the most promising initiatives and after a SWOT analysis and rating they are referred to the council of the BVS, who make the final decision whether to approve the listing of the organisation on the stock exchange. Initiatives can then be listed for a period of two years.

The organisations are further supported by assisting them to draft investment and business plans, management support, establishing financial accountability and capacity building. While the BVS is currently still offering donations, it plans to develop this into a system of social investment.

The BVS is a relatively recent initiative and in due course it needs to be assessed to what extent this initiative is sustainable.

2.6.2 The demand for finance

Philanthropy or subsidies finance the majority of organisations in the sector. For instance, the Portuguese Employment and Vocational training Institute has traditionally been an important provider of subsidies for ‘insertion companies’ (WISE) in the country⁵¹.

⁴⁷ <http://www.cases.pt/programas/social-investe>

⁴⁸ BVS Portugal: <http://www.bvs.org.pt/view/viewPrincipal.php>

⁴⁹ <http://www.bvs.org.pt/view/viewProjetosConcluidos.php>

⁵⁰ <http://www.microcredito.com.pt>

2.6.3 Market gaps/ deficiencies

There is a growing demand for finance and given the budgetary constraints as a result of the current economic difficulties in Portugal, there is still a lack of financing, an area that is in its infancy.⁵²

2.7 Overview of the key actors in the social enterprise ecosystem

The table below provides a snapshot of the main actors involved in the social enterprise ecosystem. This should, however, not be seen as an exhaustive list.

<i>Governmental departments or institutions designing or implementing policy, support instruments and measures for social enterprises and infrastructures</i>	<ul style="list-style-type: none"> ■ Ministry of Economy ■ Ministry of Solidarity, Employment and Social Security ■ Conselho Económico e Social ■ Conselho Nacional para a Economia Social ■ IAPMEI (Instituto de Apoio às Pequenas e Médias Empresas e à Inovação)
<i>Customers – authorities contracting social enterprises</i>	<ul style="list-style-type: none"> ■ Local authorities (WISE)
<i>Organisations promoting, certifying and awarding social business labels</i>	<ul style="list-style-type: none"> ■ Instituto de Empreendedorismo Social ■ Bolsa de Valores Sociais
<i>Institutions, civil society initiatives or other social enterprises promoting social entrepreneurship education and training, and presenting role models</i>	<ul style="list-style-type: none"> ■ Instituto de Empreendedorismo Social ■ Bolsa de Valores Sociais ■ SEA – Agência de empreendedores sociais
<i>Organisations that have the capacity act as an observatory and to monitor the development and to the assess needs and opportunities of social entrepreneurs/social enterprises</i>	<ul style="list-style-type: none"> ■ Instituto de Empreendedorismo Social ■ Bolsa de Valores Sociais
<i>Providers of social enterprise start up and development support services and facilities (such as incubators)</i>	<ul style="list-style-type: none"> ■ Fábrica de Startups ■ Start up Pirates ■ SEA – Agência de empreendedores sociais
<i>Business support providers</i>	<ul style="list-style-type: none"> ■ Instituto de Empreendedorismo Social ■ SEA – Agência de empreendedores sociais
<i>Facilitators of learning and exchange platforms for social enterprises</i>	<ul style="list-style-type: none"> ■ Instituto de Empreendedorismo Social ■ Empreendedorismo Social ■ SEA – Agência de empreendedores sociais
<i>Social enterprise (support) networks, associations</i>	<ul style="list-style-type: none"> ■ CASES ■ Confederação Cooperativa Portuguesa ■ Federação Nacional de Cooperativas

⁵¹ H. Perista, 2009. National Profiles of Work Integration Social Enterprises: Portugal. Available at: http://www.emes.net/uploads/media/ELEXIES_WP_02-09_P.pdf

⁵² Interview with Carlota Quintão

	de Solidariedade Social ■ SEA – Agência de empreendedores sociais
<i>Key providers of finance</i>	■ Banco de Inovação Social ■ Associação Nacional de Direito ao Crédito

3 Mapping social enterprise activity in Portugal

3.1 The spectrum of social enterprises in Portugal

In Portugal and as previously explained, there is no official delimitation of the notion of social enterprise. The following entities form the broader concept of social economy, as indicated in the law 30/2013 on the bases of social economy:

- Cooperatives
- Mutuels
- Misericórdias
- Foundations
- Other private institutions of social solidarity not mentioned before
- Associations with altruistic aims that act in the cultural, recreative or sports sphere or in local development
- Entities in the communitarian and self-managing subsectors, integrated in the terms of the Constitution and active in the social and cooperative sector
- Other entities with a legal personality and that respect the principles of the social economy

These organisations operate under different legal forms, with different degrees of market orientation and financial viability and different social aims. Many of them do not fit in the concept of social enterprises.

Cooperatives

Many cooperatives in Portugal would fall out of the scope of the study because they are run by one person, do not engage in economic activity (dormant), do not have a clear social aim or do not have organisational autonomy.

Social solidarity cooperatives

Social solidarity cooperatives, a legal denotation, do have a social aim and many do engage in economic activity.

Misericórdias

Misericórdias meet the criteria, as they are generally included in the scope of the Portuguese social economy and they have the status of IPSS. There are limits on the distribution of profits and they operate independently from state control. They are generally financially independent from state subsidies and operate on the market.

Mutuals (mutualidades)

It is likely that mutual meet the criteria of economic activity, social aims, organisational autonomy and defined rules on the distribution of profits.

Foundations

Foundations often have a social aim, but not all engage in economic activity. There are limits on the distribution of profits, favouring social aims over profit making. Organisational autonomy is generally assured, but could pose a problem for some foundations.

Philanthropic associations

Some philanthropic associations have clear social aims and have defined rules on the distribution of possible profits, while they are generally autonomous. However, many philanthropic associations lack stakeholder participation and do not engage in economic activity, being very reliant on donations. Relatively few organisations of this type probably meet the criteria.

Mainstream enterprises with a social mission (not a label, but a potential group of social

enterprises)

Mainstream enterprises with a social mission are likely to meet the criteria as long as the social aim is well defined and clear (i.e. not merely a form of CSR) and the distribution of profits is well defined. They engage in economic activity and are likely to have organisational autonomy. Whether they not only have a social aim but also prioritise social aims over profit-making is what might make this group relatively small.

However, those with IPSS (Private Institutions of Social Solidarity) status closely resemble the EU definition of social enterprises. IPSS are “non-profit institutions, created by private initiative, with the purpose of giving organized expression to the moral duty of solidarity and justice between individuals and they are not administered by the State or a local government body to proceed among others, their goals, through the provision of goods and services”⁵³.

The IPSS can have an associative or foundational nature⁵⁴.

Those of associative nature are:

- Associations of social solidarity;
- Associations of voluntary social action;
- Associations of mutual aid;
- Misericórdias (mercies)

Those of foundational nature are:

- Foundations of social solidarity
- Social and Parochial Centres
- Institutes of Religious Organization

Mutual associations have an autonomous regime - Decree-Law No. 72/90 of 3 March, which approved the Code of Mutual Associations and Registration Regulations.

Therefore, IPSS could be regarded as social enterprises.

Currently, there are 5099 IPSS registered in the Portuguese social security⁵⁵ (last data available from September 2014), they include:

- Associations 3,309
- Social and Parochial Centre 1004
- Foundations 234
- Institutes of Religious Organization 208
- Misericórdias (Mercies) 344

The following are institutions assimilated to IPSS:

- Cooperatives of social solidarity 108
- People’s Houses 152

3.2 Application of operational definition: determining the boundaries

The following table maps the characteristics of legally recognised forms of social economy in Portugal against the core criteria set by the EU operational definition of social enterprises in order to identify commonalities and differences between the national concepts and the EU concept. Under the Table, an explanation on the different entities is provided.

⁵³ Vilarinho and da Costa (2012) The accounting of non-profit organizations in Portugal: the case of private institutions of social solidarity (IPSS), Problems of management in the 21st century, Vol5, p.72-82.

⁵⁴ Social Security Institute: practical guide to create an IPSS (2014) http://www4.seg-social.pt/documents/10152/15030/constituicao_ipss

⁵⁵ <http://www4.seg-social.pt/publicacoes?bundleId=868174>

Table 3.1 Mapping the legally recognised social economy entities in Portugal against EU Operational Definition of social enterprises

Dimension	Criterion	Cooperatives, especially social solidarity cooperatives	IPSS	Misericórdias	Mutuals	Foundations	Philanthropic associations	Regular enterprises with a social mission
Economic	Engagement in economic activity	Yes	Yes	Yes	Yes	Some	No, few	Yes
Social	Explicit and primary social aim	Yes (at least the social initiative cooperatives)	Yes, their aim is to give organized expression to the moral duty of solidarity and justice between individuals	Yes, being an IPSS	Yes, being an IPSS	Yes, being an IPSS	Yes, being an IPSS	Yes, but depends on definition of aim
Governance	Organisational autonomy from the State	Yes	Yes, created by private initiative, and without being administered by the State or a local government	Yes, being an IPSS	Yes, being an IPSS	Yes, being an IPSS	Yes, being an IPSS	Yes
	Defined rules on distribution of profits	Yes (*)	Yes, they are non-profit and therefore, the distribution of profits is forbidden	Yes, being an IPSS	Yes, being an IPSS	Yes, being an IPSS	Yes, being an IPSS	No, as social enterprises are not regulated
	Estimated number (2014 unless indicated otherwise)	<ul style="list-style-type: none"> • 3109 cooperatives (data from 2010). • 108 Social solidarity cooperatives 	5,099	344	98	234	3,309	NA
	Do they fit with the EU definition of social enterprise?	Only social solidarity cooperatives	Yes	Yes	Yes	Yes	Yes	Yes (if they accomplish all the requisites of the EU definition)

(*) In cooperatives it must be distinguished two different kind of activities: (i) the economic activity developed between the cooperative and its members, (ii) the economic activity developed between cooperative and non-members. In the first case (among members) if there are positive results they must not be classified as “profits” but rather as “surplus”.

Effectively, the cooperative is composed of people who are organized in order to satisfy their needs, which primary aim was not to make a profit, but rather to the satisfaction of a social need felt by those who have decided to organize themselves in cooperatives. Between members any positive outcome of the activity is a result of a higher price (for example, by prudential precaution or changing market prices) than the price that would be necessary to satisfy that need and to the reproduction of the conditions of that satisfaction (overheads, precautionary funds, development funds, etc).

Thus, the members of the cooperative may decide, democratically, the return of all or part of this "surplus" to themselves, in proportion to the contribution of each one to this "surplus". In this case we cannot speak of "corporative profit" but solely of "surplus" generated between members. In fact if the result was negative ("losses"), the members of the cooperative could be called upon to contribute, in proportion to their contribution to the same loss.

Quite different is the situation when a positive result is obtained from economic activities between cooperative and non-members. In this case the Portuguese law applies taxes on profits to the cooperative and prevents its distribution, even partial, to the members of the cooperative. This eventual "profit", after taxes, stays in the cooperative, as its inalienable collective assets.

3.3 Measurement of social enterprises

Though data on social enterprises is not systematically assessed, there are regular reports on the wider social economy and a few other initiatives:

- National Institute of Statistics (INE) and CASES: satellite account of the Portuguese Social Economy⁵⁶;
- Data from the Social Security Institute⁵⁷;
- Studies from universities and other research centres.

In conjunction with the National Institute of Statistics (INE), CASES carried out a satellite account for the Portuguese Social Economy⁵⁸, following the model that CIRIEC International developed for the European Commission. This study is a significant and detailed account of the social economy and third sector in Portugal.

As a whole, the social economy organisations that have IPSS status are about five thousand, and they represent 50.1% of the gross value added (GVA) and 63.4 % of the paid employment (PE) of the Portuguese social economy sector.

The sector represents, as a whole, 2.8% and 5.5% of the Portuguese GVA and PE, respectively. The contribution of each of the five "families" of the Portuguese Social economy highlights the philanthropic associations (54.1 % and 65.1 % of GVA and PE), but it must be reminded that these associations represent 94% of the total of the Social Economy sector organisations.

Cooperatives contribute with 17.5 % of the GVA of this sector and 14.0 % of the PE, followed by the "misericórdias" (12.2% and 14.2 % of GVA and PE), the foundations (8.5% of GVA and 4.7% of PE) and mutuals (7.7% of GVA and 2.0% of PE).

The Social Economy Satellite Account overview can be considered as an upper bound of social enterprises, given that a group of social economy organisations will not meet the criteria of this study.

The growth of its importance has been the trend, especially in the non-market sector, constituted mainly by the mutual societies and other organisations with the IPSS status (associations, cooperatives, foundations and "misericórdias").

In the market sector of the Social Economy there is also a tendency to strengthen cooperative organisations, with the creation of about 100 youth cooperatives during 2013 as a result of a specific program ("Coopjovem") established by the Government.

In the area of WISE, the number of insertion enterprises rose steadily since its inception, but is now re-inventing itself after the initial system of public support has been stopped. Between 1998 and 2001 over 550 WISE were created, employing just under 4,000 people in 2001.⁵⁹

A 2011 study showed 145 social solidarity cooperatives, about 250 foundations, 390 charities, 120 mutuals, a number of fair trade organisations and 5,000 IPSS.⁶⁰

⁵⁶ CASES (2013), Conta Satélite da Economia Social, [Online] Available from: <http://www.cases.pt/atividades/contasatelitees>

⁵⁷ <http://www4.seg-social.pt/>

⁵⁸ CASES 2013

⁵⁹ Perista (H0, Nogueira, S (2002), *Empresas Sociais em Portugal: Uma breve análise com base em estudos de caso*

⁶⁰ Quintão, C. (2011), *O Terceiro Sector e a Sua Renovação em Portugal. Uma abordagem preliminary, IS Working Paper*

3.4 Characteristics of social enterprises

The sections below discuss the characteristics of social enterprises, regarding legal forms, business models, fields of activity and target groups.

3.4.1 Legal forms

Legal forms mostly used by social enterprises are that of:

- Social solidarity cooperative or cooperative (regular)
- Association
- Misericórdia
- Mutual
- Foundation
- Regular enterprises

A 2008 study on WISE organisations showed that 71 per cent of organisations had the legal form of association, 18 per cent as misericórdia or mutual, around 6 per cent as cooperative and 3 per cent as foundation.⁶¹

3.4.2 Business models

Sources of income

Enterprises in the WISE sector are generally very reliant on public resources, but also on public clients, making them very vulnerable when those clients stop contracting their services.⁶²

The satellite account of the social economy shows that production accounts for over 63 per cent of income, far ahead of transfers and subsidies (24 per cent).⁶³

Social impact

WISE enterprises are generally said to have an impact in that they employ vulnerable groups that usually have limited access to the labour market.

A general problem of social enterprises, however, is that relatively few organisations carry out strategic evaluations to measure social impact, as one interviewee considered this to be around of 5 per cent of the total.⁶⁴ While organisations do often try to highlight their results, few make use of indicators to measure social impacts in their annual reports.

Use of paid workers

While most social enterprises in Portugal do have paid workers, they nonetheless struggle to attract qualified staff as wages are at only 83 per cent of the national average.⁶⁵ There have been no indications that most organisations do not make use of paid workers, though a number of non-profit organisations or platforms exist, such as Empreendedorismo Social, that are volunteer-driven.⁶⁶

The 2013 satellite account of the social economy in Portugal estimates that volunteering accounts for around 40 per cent of the total of FTEs in the sector.⁶⁷

⁶¹ Quintão, C. (2008), “Dez anos de empresas de inserção em Portugal: revisão dos dados oficiais e de estudos recentes” VI Congresso Português de Sociologia

⁶² Interview with Carlota Quintão

⁶³ CASES (2013), p.16

⁶⁴ Interview with Carlota Quintão

⁶⁵ Carlos Azevedo, Eslider: <http://www.theguardian.com/social-enterprise-network/2013/aug/23/portugal-social-economy>

⁶⁶ Interview with Carlota Quintão

⁶⁷ CASES (2013), p.65

3.4.3 Fields of activity

The field of activity of social enterprises in Portugal include sheltered employment and social workshops, provision of social and healthcare for disadvantage peoples (Misericórdias), and social housing, delivering social assistance and care services of general interest. There is a strong focus on social inclusion, though there are also newer developments, including fair trade and recycling.

The 2013 satellite account of the Portuguese social economy shows that social action, culture, education, sports and recreation are most important.⁶⁸

While there are some fair trade social enterprises (such as a Fair Trade Shop in Lisbon⁶⁹), some initiatives (such as the Mó de Vida, a fair trade cooperative) have petered out after a few years.

3.4.4 Target groups

Social enterprises in Portugal are of a very different nature and as such are also their main target groups.

In the WISE sector it mainly concerns disadvantaged workers and the long-term unemployed, while socially excluded people are targeted through social housing and community support projects. A study of WISE enterprises between 1998 and 2001 showed that of the employees surveyed, more than 50 per cent were long-term unemployed, 20 per cent persons with social problems and 14% persons with low educational attainment. However, 60 per cent of women were long-term unemployed and only 30 per cent of men, whereas 53 per cent of men were considered persons with other social problems, though only 13 of women.⁷⁰

Activities in the area of sustainable development, environment and free trade are generally directed at (relatively aware and informed) consumers.

3.5 Summary of mapping results

Table 3.1 shows that:

- There are organisations that comply with most operational criteria;
- The number of social enterprises might be most restricted by meeting the various the criteria of engagement in economic activity, stakeholder participation and organisational autonomy;
- Among work integration enterprises the share of enterprises meeting all criteria is very high, whereas a small share of cooperatives and associations meet the operational criteria and an even smaller share of regular companies and foundations. Social solidarity cooperatives, misericórdias and mutualidades are more likely to meet the criteria

⁶⁸ CASES (2013), p.16

⁶⁹ <http://www.cidac.pt/index.php/o-que-fazemos/loja-de-comercio-justo/>

⁷⁰ Perista, Nogueira (2002), p. 37

3.6 Opportunities and barriers

All interviewees point out that as the sector of social enterprises is still in its early infancy, a number of gaps and barriers exist that hamper a smooth development of the sector.

The measurement of social impact is not yet established and while recent initiatives have made inroads in raising awareness on the importance of reporting on impact and some coaching and training schemes have successfully brought some social enterprises to improve in the area, a lot remains to be done. Interviewees have indicated that probably a small minority (of less than 10 per cent) of social enterprises have systems in place for monitoring social impact.

A wider issue is strategic planning and sustainability. Eslider, an organisation for third sector organisations also explained that “governance structures and strategic management plans are in dire need of reform. The role of the organisations' boards of directors and executive directors often mix and overlap, in an intrinsically inefficient structure, which fail to provide a long-term strategic plan or vision.”⁷¹

This is also true in the area of WISE, where many enterprises depend on public funding (subsidies) or donations and there are limited links with the private sector, jeopardising long-term sustainability.

A major challenge therefore exists on internal barriers to growth as there is a lack of knowledge of how draft business plans, assure accountability, achieve sustainable revenues, monitoring and evaluation of projects and processes.⁷² The Banco de Valores Sociais and several consultancies that offer technical assistance and management, currently offer training in capacity building, strategic planning, reporting standards, financial sustainability and communication, but while outreach is growing it is still relatively small.

Some stakeholders indicate that the lack of labels or a clear legal framework for social enterprises make it difficult for organisations to be recognised as such and have access to external sources of finance. The Banco de Valores Sociais highlights how some organisations that have the statute of regular enterprise are ineligible for international funding or prizes. Linked to that is that some organisations do not have clear social aims (thus lacking in the ‘social’ area) while others so not have a strong business plan (thus lacking in the entrepreneurial aspect), making it also difficult for them to be recognised and compete internationally for funding schemes. Some organisations have stated that the 2013 Law on Social Economy, by not contemplating the figure of “social enterprise”; has failed in integrating private sector initiatives that would have a social aim while being sustainable in time. Without recognising social enterprises, it may be more difficult to break the excessive dependence on public or international and/or private donations subsidies.⁷³

Meanwhile, a growing number of people coming from the third sector, such as from associations, aim to start businesses but often do not (yet) have the right tools and skills at hand to successfully start an enterprise. While business support and additional information exists and can be acquired, many starting entrepreneurs do not know how to find them or access them. This highlights the problem of a lack of awareness.

Finally, there remains to a problem of accessing investment markets, though the number of initiatives have shot up in recent years and also crowdfunding is slowly becoming more popular.

⁷¹ <http://www.theguardian.com/social-enterprise-network/2013/aug/23/portugal-social-economy>

⁷² Interviews with IES, Carlota Quintão and BVS

⁷³ Impulso positivo (2013) Empresa Social de fora da Lei de Bases da Economia Social [Social enterprise outside the Law on Social Economy] <http://www.impulsopositivo.com/content/empresa-social-de-fora-da-lei-de-bases-da-economia-social>

3.7 Reflections and concluding remarks

The social entrepreneurship sector in Portugal has gone through significant changes, especially in the last five years. Whereas the third sector and social economy has developed into a recognised sector throughout the 1990s, the concept of WISE became common ground as from the late 1990s. Both of these original strands of social organisations were significantly dependent on subsidies (especially WISE) and often lacked an entrepreneurial component. The economic crisis of 2008, following on an already prolonged period of economic downturn through the early 2000s, have also given rise to new initiatives. Several of these initiatives explicitly sought to become self-sustaining, independent and new approaches to social and societal problems such as social exclusion and challenges in fields such as employment, health, education, environment and competitiveness. These changing playing field has given rise to a number of new organisations, projects and practices, several of which are rather unique initiatives even in a European context. The entrepreneurial or managerial aspects of market-oriented social businesses has witnessed increasing interest and focus and is currently developing alongside, though not together, with the more established wider social economy or third sector.

Given new mapping exercises such as the project MIES it is to be expected that a clearer overview of social entrepreneurship and social innovation will become apparent in the next few years, efforts that should greatly benefit the understanding of the sector. Private initiatives such as MIES are playing an important role and it can be noted that despite the government's involvement in some areas, it is still searching how to respond to the recent developments in the area.

Annex 1 The three Legal forms most commonly used by social enterprises in Portugal

Legal form	Foundations	Mutual Associations	Cooperatives
Definition	<p>In Portugal, Foundations belong to the cooperative and social sector.</p> <p>The foundation is a legal person, with a non-profitable aim, with sufficient assets and irrevocably affected to the pursuit of an end of social interest. All foundations must pursue an explicit and primary social aim and does not distribute its profits.</p> <p>Foundations may be considered a 'private social solidarity institution' (IPSS) if created by private initiative, without profitable aim and with the purpose of giving an organised expression to the moral duty of solidarity and justice between individuals to pursue, among others, the required objectives, through the granting and the provision of services.</p>	<p>In Portugal, associations are part of the cooperative and social sector which is autonomous from both the private sector and public sector.</p> <p>Associations are legal persons of a personal basis, which are not intended to make profit for distribution to shareholders.</p> <p>Associations may have non-economic purposes and economic purposes. Some would advocate that all associations of altruistic purposes are social enterprises because under the Portuguese legal framework they are considered social economy entities.</p> <p>The Portuguese legislation lays down specific rules for mutual associations which are provided for in the Mutual Associations Code (CAM).</p> <p>Mutual associations are private institutions of social solidarity with an unlimited number of associates, undefined capital and indefinite duration that, mainly through the contribution of its members, practice, in their interests and of their families, purposes of mutual aid.</p>	<p>The notion of "social enterprise" is not reported in the Portuguese legislation but the majority of Portuguese doctrine tends to identify social enterprises with social economy entities.</p> <p>In this context, it is argued that all cooperatives are social enterprises because, under the Framework Law on Social Economy (LBES), cooperatives are social economy entities and because they have the appropriate legal profile to qualify as social enterprises.</p> <p>Cooperatives are autonomous associations of persons, freely associated, of variable composition and capital, which, through cooperation and mutual assistance of its members, and in obedience to cooperative principles, aim not at profit but at satisfying economic, social or cultural needs and aspirations of the members.</p>
Key national legislation governing legal form	<p>Constitution of the Portuguese Republic (CRP) – arts. 80 and 82.4</p> <p>Civil Code – arts. 157 ff., particularly arts. 185 ff.</p> <p>Framework Law on Foundations, approved by</p>	<p>Constitution of the Portuguese Republic (CRP) – arts. 80 and 82.4</p> <p>Framework Law on Social Economy ('Lei de Bases para a Economia Social' – LBES) – Article 4.b)</p>	<p>Constitution of Portuguese Republic (CRP)</p> <p>Framework Law on Social Economy (LBES)</p> <p>The Portuguese Cooperative Code (CCoop) – Lc) The twelve statutes governing each of the twelve cooperative types.</p>

Legal form	Foundations	Mutual Associations	Cooperatives
	<p>Law 24/2012, July 9;</p> <p>Law 30/2013, of May 8, the so called 'Lei de Bases da Economia Social' (LBES)</p> <p>Statutes of Private Institutions of Social Solidarity (Statutes of IPSS), approved by Decree-Law 119/83, February 25, amended by Decree-Laws 386/83, October 15, 9/85, January 9, 89/85, April 1, 402/85, October 11, and 29/86, February 19</p> <p>Decree-Law 36-A/2011, March 9, approving the regime of accounting standards for entities of the non-profit sector</p> <p>Decree-Law 57/78, April 1 – Registration of legal entities of public interest</p> <p>Decree-Law 460/77, November 7 – Approval of the statutes of legal persons of public interest (amended and republished by Decree 391/2007, December 13)</p>	<p>Civil Code – Arts. 157 ff</p> <p>Mutual Associations Code ('Código das Associações Mutualistas' – CAM), approved by Decree Law 72/90, March 3</p> <p>Registration of Mutual Associations, approved by Order 135/2007, January 26</p> <p>Accounting Standards for Non-Profit Sector Entities – Decree-Law 36-A/2011, March 9, as amended by Law 66-B/2012, December 31, and Decree-Law 64/2013, May 13</p>	<p>The Company Law, named Commercial Companies Code</p>
Whether the legal form is used exclusively or not exclusively for social enterprise	<p>Not exclusive for social enterprise.</p> <p>The foundation, in general, can carry out the following social purposes: assistance to persons with disabilities, to refugees and migrants, to victims of violence; cooperation for development; education and training of citizens; the preservation of historical, artistic and cultural heritage; the prevention and eradication of poverty; the promotion of citizenship and the protection of human rights, of culture, of social and community integration, of scientific research and technological</p>	<p>Exclusive for social enterprise (see above).</p> <p>The fundamental purposes of mutual associations are the granting of social security and health benefits.</p> <p>The mutual associations may also pursue other purposes of social protection and promoting quality of life through the organisation and management of facilities and social support services, social projects and other activities specifically targeting the moral, intellectual, cultural and physical development of members</p>	<p>Exclusive for social enterprise (see above).</p> <p>The cooperative pursues a mutualistic scope, which means that the cooperative social activity is directed to its members, who are the main users of the economic and social activities that it carries out.</p> <p>Cooperatives, in pursuit of their objects, are allowed to conduct business with non-members, subject to any restrictions laid down in the law applicable to each cooperative type.</p>

Legal form	Foundations	Mutual Associations	Cooperatives
	<p>development, of arts, of actions of humanitarian support, of sport and physical well-being, of European and international dialogue, of entrepreneurship, innovation and economic, social and cultural development, of employment, the promotion and protection of health and the prevention and control of disease, protection of the environment or natural heritage, protecting citizens in old age, disability and in all situations of lack or decline means of subsistence or capability to work, the protection of consumers, support for the family, protecting and supporting children and young people, the resolution of housing problems of the population, and fighting against any kind of illegal discrimination.</p> <p>The Foundations of social solidarity can carry out the following purposes:</p> <ul style="list-style-type: none"> a) Support children and young people; b) Support for the family; c) Support for social and community integration; d) Protection of citizens in old age, disability and in all situations of lack of or reduction of means of subsistence or capability to work; e) Promotion and protection of health, including through the provision of preventive, curative and rehabilitation medical care; f) Education and training of citizens; g) Resolution of the housing problems of the 	<p>and their families.</p>	<p>The cooperative social object is not limited to meeting the needs of its members, but should equally attend to the interests of the community where the cooperative carries on its activity.</p>

Legal form	Foundations	Mutual Associations	Cooperatives
	<p>population.</p> <p>Foundations are free to choose their areas of activity and autonomously pursue its action.</p>		
Methods of creation	<p>The establishment of a private foundation follows a process that is structured primarily into phases: a) the act of establishment and statutes; b) Advertisement; c) Recognition and finally d) registration with the General Directorate of Social Security.</p> <p>In Portugal, the process of setting up a private foundation is subject to public scrutiny (the so-called recognition), exercised by the Prime Minister or the person in whom the Prime Minister delegates. Through this individual and discretionary act, the PM or his delegate will evaluate fundamentally if the Foundation fulfils the following requirements: a) the pursuit of a purpose of social interest; b) sufficiency of assets to pursue the intended purpose.</p>	<p>The establishment of an association follows a process that is structured primarily into phases: a) the act of establishment and statutes; b) Advertisement; c) Recognition and finally d) registration with the General Directorate of Social Security.</p>	<p>The establishment of a cooperative follows a process that is structured primarily into three phases:</p> <p>a) Act of establishment and statutes; b) Registration; c) Publication.</p> <p>Cooperatives have legal personality, which is acquired upon registration of its incorporation in the commercial register. In addition, cooperatives shall send '<i>Cooperativa António Sérgio para a Economia Social</i>' (CASES) a copy of all documents referring to their incorporation (Art. 88.1 <i>CCoop</i>). CASES will issue an annual credential attesting the legal establishment and proper functioning of the cooperative.</p> <p>Cultural cooperatives, cooperatives pursuing initiatives on social security and the consumer cooperatives who trade exclusively with their members can acquire the legal status of a 'public utility' through procedures to be carry out at the General Secretariat of the Presidency of the Council of Ministers.</p>
Required capital or assets	<p>The minimum value of the initial asset allocation is € 250,000.</p> <p>Where a foundation has been created for a</p>	<p>The share capital is not determined by the Law.</p>	<p>The statutes will establish the minimum share capital of the cooperative, which may not be less than €2,500, although complementary legislation that regulates each branch may set</p>

Legal form	Foundations	Mutual Associations	Cooperatives
	<p>specific duration, the initial value of the required asset allocation is established on a case by case basis.</p>		<p>a different minimum.</p>
<p>Management and corporate governance</p>	<p>Private foundations have the following mandatory bodies:</p> <p>a) A board of directors, which is responsible for managing the assets of the foundation, as well as deliberate on proposed amendments to the Statutes, modification and extinction of the foundation;</p> <p>b) A Directing or Executive Body, referring today management duties;</p> <p>c) A supervisory body, which is responsible for supervising the management and accounts of the foundation.</p> <p>Foundations can also have a board of founders or trustees, with the task of ensuring compliance with the Statutes of the foundation and respect the will of the founder or founders.</p> <p>The legal duties of board members are defined in the respective statutes, applying, in the absence of statutory provisions the rules of office with the necessary adaptations. Recent decisions of the Portuguese courts have recognized the duty of care and the duty of loyalty of the members of the board of directors of the foundation.</p>	<p>The governance of mutual associations is carried out by the general meeting, board of directors and supervisory board.</p> <p>The board of directors manages and represents the mutual association. The minimum number of directors is three. The law does not provide a legal maximum number of directors. The board of directors is composed exclusively of members.</p> <p>The supervisory board is responsible for the scrutiny and oversight of the association namely: to examine the bookkeeping records and the documents; to give an opinion on the report and accounts as well as on the program of action and budget for the following year; to give an opinion on any matters that the other corporate bodies choose to submit to it.</p> <p>Board members are appointed and removed by decision of the general meetings of members.</p>	<p>The structure of the governing bodies of Portuguese cooperatives can be characterized as a hierarchical and tripartite one.</p> <p>The General Assembly is the highest body of the cooperative, whose decisions are binding to all other bodies.</p> <p>The Board of Directors is primarily an executive body, while the Supervisory Board is seen as a body of control and surveillance.</p> <p>The composition of the Board of Directors varies depending on the number of cooperative members: (i) in the cooperatives with more than 20 members, the Board of Directors is composed of a chairman and two members, one of which will replace the chairman in his absences, when there is no vice chairman; (ii) in cooperatives of up to 20 members, the Board of Directors is composed of a chairman who appoints whoever replaces him in his absences.</p> <p>The number of members of the Board of Directors should always be uneven and the articles may extend the composition of the board.</p> <p>The directors legal duty is to comply with statutes, internal regulations or decisions of the general assembly, and faithfully execute their mandate.</p>

Legal form	Foundations	Mutual Associations	Cooperatives
Rights of members	<p>The legal form does not have members.</p> <p>The legal form has founders who do not retain many rights in the foundation after establishment.</p>	<p>The legal form has members.</p> <p>Mutual associations are governed by members who have ultimate control of the association.</p> <p>The members of the mutual association have the right to:</p> <ul style="list-style-type: none"> a) Participate in the democratic life of the association through the general meetings; b) Attend and vote at general meetings; c) Subscribe types of benefits. 	<p>The legal form has members.</p> <p>In the governance of cooperatives, members have an important role, particularly in the following aspects: equal treatment of members, regardless of their financial participation; equal voting rights of all members ('one member, one vote'); adoption of decisions conditioned to the vote of the majority; election, by the members, of the representatives of the cooperative.</p> <p>The value of transparency in governance is central to the cooperative and inseparable from active participation in the cooperative democratic control.</p> <p>Transparency is ensured, first, by recognizing the coop member's right to information, granting him a working knowledge of how business is conducted and of the social status of the cooperative and, reflexively, on the control of the management of the same.</p>
Voting and representation of members in general meetings	Not applicable for this legal form.	<p>The General Meeting is composed of all the members who enjoy full rights as associative members.</p> <p>Members may be represented by others in meetings of the general meeting, under the conditions and in the manner laid down in the statutes, and each member may not represent more than one member.</p> <p>The statutes of associations nationwide can predict the existence of an assembly of</p>	<p>The General Assembly is considered the supreme body of the cooperative, composed of all the coop members, and their resolutions are compulsory to all bodies of the cooperative and to all members. All coop members participate in the General Assembly.</p> <p>The cooperative statutes may provide for general assemblies of delegates — the so-called sectorial assemblies. These can be organized on the basis of cooperative activities undertaken by the coop members or based on</p>

Legal form	Foundations	Mutual Associations	Cooperatives
		delegates, to ensure adequate representation of members by geographic areas, workplaces or professional groups.	geographical areas in which the coop members live. The quorum of the General Assembly is more than half of coop members with voting rights or their duly accredited representatives.
Types of shares, if any	Not applicable for this legal form.	Not applicable for this legal form.	Legal form does have shares. Each member is entitled one vote, regardless of his/her participation in capital, at least in primary cooperatives.
Distribution of dividends on share capital	Not applicable for this legal form.	There are no dividends on mutual associations.	Cooperatives are non-profit entities. Only the cooperative surplus can be distributed among the cooperators. The cooperative surplus is defined as an amount that members pay to the cooperative in excess, or that the cooperative owes to the members, as a return for member participation in the cooperative activity. The surplus thus results from business carried out between the cooperative and its members, generated by members, and in that sense constituting the result of a tacit waiver of the members to cooperative immediate advantages. This definition makes it clear that the concept of cooperative surplus stems from the pursuance of the cooperative mutualistic scope. Only the cooperative surplus resulting from business between the cooperative and its members can be returned to these.

Legal form	Foundations	Mutual Associations	Cooperatives
			<p>Conversely, benefits from transactions with non-members may not be distributed by members.</p>
Distribution of reserves	Not applicable for this legal form.	<p>The General Reserve Fund is designed to cover any technical deficits of the modes of benefits (permanent or own funds lower than liabilities) resulting from unforeseen events.</p>	<p>The legal reserve is intended, exclusively, to cover any yearly financial losses. Thus, the fate of the legal reserve will be more restricted in a cooperative than in a commercial company.</p> <p>Both this and the education and training reserve funds are indivisible between members even on dissolution of the cooperative.</p> <p>The voluntary reserves established for benefits arising from transactions with non-members are not divided between the co-operators; and those made up of surplus from operations with co-operators may only be distributed to co-operators who have performed, with the cooperative, operations from which surpluses have resulted and in the precise measure of the proportion of the contribution of these operations.</p>
Allocation of the surplus particularly to compulsory legal reserve funds	Not applicable for this legal form.	<p>A percentage fixed in the statutes of the annual balances of funds available for each modality (full year results) must be applied to the General Reserve Fund.</p>	<p>The benefits from transactions with non-members may not be distributed by members and they must be allocated to mandatory reserves.</p> <p>The surplus should be allocated at least 5% to the legal reserve fund and 1% to the reserve for cooperative education and training as well as for the payment of interest on shares.</p>
Distinction dividends/refunds and distribution of refunds	Not applicable for this legal form.	Not applicable for this legal form.	<p>In the Portuguese legal system there is a difference between cooperative surpluses</p>

Legal form	Foundations	Mutual Associations	Cooperatives
			<p>(‘excedentes’), which are the result of the activity with members, and benefits (‘beneficios’), which are the result of other activities, including transactions with non-members.</p> <p>The distribution of patronage refunds among members is proportional to the business done by each of them with or for the cooperative, in that year.</p>
Restrictions on ability to trade	<p>Economic activity exerted by the foundation is limited and cannot override the social purpose for which it is intended.</p> <p>Foundations can exercise the right to participate in setting up companies, only when it is deemed necessary or appropriate to achieve its purposes.</p>	<p>Mutual associations pursue purposes of social security and health, as well as other purposes of social protection and promotion of quality of life, in the interests of its members and their families.</p> <p>Mutual associations can to better pursue its purposes group together in mutual associations of a higher order in the form of federations, unions and confederations and investments in other enterprises.</p>	The cooperative develops the corresponding economic activity to the needs of members. It cannot be any activity, but an activity in which members will participate as workers, consumers or suppliers.
Internal financing (e.g. investment title, member investors, increase in members contributions)	The foundation can seek donations from its founders.	One of the most important sources of mutual associations revenues are membership fees. A mutual association can also seek donations or loans from its members and it can issue bonds to its members.	One of the peculiarities of the share capital of cooperatives is the possibility of the compensation of shares which translates into the possibility for cooperators to obtain a net compensation on the capital underwritten as a condition of membership. When interest is paid in shares, its total amount should not exceed 30% of the annual net results. Therefore, it is from the annual results or net surpluses that a portion, not exceeding 30%, can be deducted to compensate the shares.
External financing (e.g.	A foundation cannot raise funds by way of	An association can obtain loans from banks or	The Portuguese law does not allow the

Legal form	Foundations	Mutual Associations	Cooperatives
banking loans, issuing bonds, specific investment funds) including possibility for non-member investors	equity investment. However, a foundation can obtain loans from banks or other financiers. It can also seek grants and donations.	<p>other financiers or it can issue bonds. It can also seek grants and donations.</p> <p>Mutual associations, with fixed assets exceeding EUR 25 million and having attached savings banks with more than EUR 5 million of institutional capital, can borrow on the capital markets, in accordance with applicable law.</p>	<p>existence of investor members in cooperatives.</p> <p>The Portuguese cooperative legislator, despite providing for the issue of investment securities and bonds, did not cater for the possibility of transforming the holders of investment in investor members. This, apart from making this investment unattractive for prospective investors, makes it difficult to obtain financing, and to set up closed-ended funds in the cooperative.</p> <p>It can obtain loans from banks or other financiers or it can issue bonds. It can also seek grants and donations.</p>
Transparency and publicity requirements (and related auditing issues)	<p>Pursuant to the Commercial Registration Code, annual reports and accounts, duly approved, shall be published on the site http://publicacoes.mj.pt.</p> <p>Private foundations are subject to the Simplified Business Information (IES) and are required to submit to the Presidency of the Council of Ministers a copy of the annual reports on accounts and activities.</p> <p>Foundations who have an income greater than € 2 000 000 (two million EUR) are obliged to submit the accounts to an external audit.</p>	<p>Mutual associations are required to:</p> <p>a) Submit to the responsible Ministry three copies, duly initialled, of the program of action and budget, the annual report, the respective opinions to the supervisory board and, as well, the statement of the Chair of the General Meeting stating their approval;</p> <p>b) Provide the responsible Ministry with all requested information on the status and management of the association.</p> <p>Mutual associations are private charities. For this reason, they are required to send to the responsible ministry, through an electronic platform, the budgets and annual accounts (Statute IPSS).</p> <p>Mutual associations are also required to legally certify its accounts whenever they present consolidated accounts or exceeding the limits referred to in the Companies Code.</p>	<p>Cooperatives must submit a series of documents (referring to their incorporation and any alterations to their statutes, annual reports and accounts, social report) to CASES, although it cannot be qualified as a regulatory authority, CASES, because its duties are to monitor the cooperative sector and supervisory functions of the sector and its mode of operation, in practice exerts some of the typical powers that characterize a regulator.</p> <p>Although they are not required to deposit the accountability documents in the Commercial Register. Cooperatives must deliver the Annual Statement of Accounting Information and Tax to the Ministry of Finance and Public Administration.</p> <p>The CCoop does not provide, as a rule, for an external audit of the cooperative. The external audit is only mandatory in</p>

Legal form	Foundations	Mutual Associations	Cooperatives
Employee involvement systems	Foundations should adopt and publicize codes of conduct of self-govern best practices, particularly on the strategic participation of recipients of their activity.	Only employees who are members can participate in the association's decision making.	cooperatives above a certain dimension. Co-operatives are trading organisations owned by their members and governed on the principle of one member, one vote, regardless of shareholding. Members of a co-operative are often employees, as in worker co-operatives, which are owned and controlled by their employees.
Distribution of the proceeds of dissolution, liquidation, disinvestment (in particular provision of asset lock)	<p>Foundations become extinct:</p> <ul style="list-style-type: none"> a) Upon expiry of the term, if they were established on a temporary basis; b) Upon the occurrence of any other extinctive cause provided in the act of establishment; c) With the closure of the insolvency proceedings, if is not admissible the continuity of the foundation. <p>Foundations may be terminated by the competent authority for the recognition:</p> <ul style="list-style-type: none"> a) When its purpose has been achieved or cannot be achieved; b) When the activities undertaken demonstrate that the actual purpose doesn't match the intended purpose stated in the act of establishment; c) When they have not developed any significant activity in the previous three years. <p>Foundations can use the following rescue procedures under Portuguese law:</p> <p>The Special Process of Revitalization is a special procedure designed to enable any debtor who, arguably, is in a difficult economic</p>	<p>Mutual associations become extinct:</p> <ul style="list-style-type: none"> a) By resolution of the general meeting; b) On the death or disappearance of all members; c) By the mere fact of a court decision insolvency. <p>Associations can use the following rescue procedures under Portuguese law:</p> <p>The Special Process of Revitalization is a special procedure designed to enable any debtor who, arguably, is in a difficult economic situation or in a situation of imminent insolvency merely, but it is still susceptible of recovery, to establish negotiations with the respective lenders in order to conclude an agreement with these that is conducive to economic revitalization, providing him with the opportunity to stay in business.</p> <p>The System of Corporate Recovery through Extra-judicial way (SIREVE) is a procedure that aims to promote businesses extrajudicial recovery through the conclusion of an agreement between the company and some or</p>	<p>Exhaustion of the social object; a time period, if the cooperative has been established temporarily; verification of any extinctive cause stipulated in the statutes; merger by integration, incorporation or division; and General Assembly resolution all can lead to the voluntary winding-up of the cooperative.</p> <p>The causes of administrative winding-up depend on the verification of the following facts: the impossibility of continuing the object or lack of coincidence between the object effectively pursued and the object expressed in the statutes; decreased number of members, below the minimum legally stated, for a period exceeding ninety days, provided that such reduction is not temporary or occasional.</p> <p>Cooperatives can use the following rescue procedures under Portuguese law:</p> <p>The Special Process of Revitalization is a special procedure designed to enable any debtor who, arguably, is in a difficult economic situation or in a situation of imminent insolvency merely, but it is still susceptible of recovery, to establish negotiations with the</p>

Legal form	Foundations	Mutual Associations	Cooperatives
	<p>situation or in a situation of imminent insolvency merely, but it is still susceptible of recovery, to establish negotiations with the respective lenders in order to conclude an agreement with these that is conducive to economic revitalization, providing him with the opportunity to stay in business.</p> <p>The System of Corporate Recovery through Extra-judicial way (SIREVE) is a procedure that aims to promote businesses extrajudicial recovery through the conclusion of an agreement between the enterprise and some or all of its creditors representing at least 50% of the total debt of the enterprise, and that make possible the recovery of the financial situation of the enterprise.</p>	<p>all of its creditors representing at least 50% of the total debt of the company, and that make possible the recovery of the financial situation of the company.</p>	<p>respective lenders in order to conclude an agreement with these that is conducive to economic revitalization, providing him with the opportunity to stay in business.</p> <p>The System of Corporate Recovery through Extra-judicial way (SIREVE) is a procedure that aims to promote businesses extrajudicial recovery through the conclusion of an agreement between the company and some or all of its creditors representing at least 50% of the total debt of the company, and that make possible the recovery of the financial situation of the company.</p>
<p>Distribution of the proceeds of dissolution, liquidation, disinvestment (in particular provision of asset lock)</p>	<p>In the absence of an express provision of the founder for the fate of property in the event of termination, upon the establishment, the assets remaining after liquidation are delivered to an association or foundation of similar purposes.</p> <p>If they do not accept the donation, the remainder reverts to the State.</p>	<p>The remaining assets in a mutual association are distributed to the members or beneficiaries of the amounts required to cover acquired rights and then Allocated to a mutual solidarity fund, to be managed by the union or unions representing of the mutual associations.</p>	<p>The surplus assets are distributed to the members for the redemption of their shares.</p>
<p>Conversion to another form of company</p>	<p>Not applicable to legal form.</p>	<p>Not applicable to legal form.</p>	<p>Not applicable to legal form.</p>

Annex 2: List of Information Sources

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A2.2 List of consultees

Name of the person interviewed	Organisation/ Role	Stakeholder category
Miguel Alves Martins	Instituto de Empreendedorismo Social (IES)	Network
Miguel Alves Martins	Mapa da Inovação e Empreendedorismo Social de Portugal	
Carlota Quintão	A3S	Expert on WISE and social entrepreneurship
Cláudia Pedra	Bolsa de Valores Sociais (BVS)	Funding/financing
Maria do Carmo Marques Pinto	Banco de Inovação Social	Financial intermediary
Person not wishing to be identified		Social investor

