



Information about the social economy sector in Poland and the key institutions working to develop it can be found on the following websites:

- www.ekonomiaspoleczna.pl
- www.skcs.pl
- www.bezrobocie.org.pl

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Social Economy in Poland



“The social economy is not only the result of legal resolutions and acts. It is not only a question of social awareness, though public support is very significant. The social economy is a social movement that should lead to a new vision for Poland’s development.

The social economy is a way of involving the third sector in Poland’s economic development.”

JERZY HAUSNER,

former Minister of Labor and Social Policy and former Vice-premier

THE SOCIAL ECONOMY SECTOR in Poland

Poland has progressed through a profound transformation of its social, economic and political structures since the fall of communism. The national economy has been growing remarkably: 6.5% GDP growth in 2007¹; however, national economic statistics do not reflect the social challenges that many Poles face in their daily lives. The unemployment rate remains among the highest in the EU, just below 11.1%². Vulnerable social groups in particular – such as former employees of collective farms, women over 50 years of age, social minorities, the physically and mentally disabled (who have the lowest employment indicator in the EU at ~20%³) – have limited opportunities on the quickly changing and highly competitive labor market. People in vulnerable social groups do not have the skills to productively participate in economic life, face considerable discrimination from potential employers, and continue to rely predominantly on state aid as a result.

The Foundation **“BREAD OF LIFE”** was founded in 2003 in the village of Zochcin in Southern Poland by Sister Małgorzata Chmielewska, a powerful example of a social entrepreneur. The foundation’s goal is to support to the unemployed and homeless and to promote local economic development. The Foundation organized a carpentry, sewing and food processing workshop; the products – including furniture, dresses, bed linen, tablecloths, jams – are sold in shops throughout Poland as well as through the Internet. The foundation also works to benefit the community by, for example, providing educational scholarships to youth from the poorest families – thus far over 500 children have received scholarships.

Since Poland’s entrance into the European Union in May 2004 the social economy has been accepted as an innovative and practical solution to the problem of unemployment. Social economy institutions offer creative approaches to maintaining financial self-sufficiency while fulfilling a clearly defined social mission. But Poland’s social economy sector has yet to develop its potential: it makes up 3.9% of the labor market in Poland, compared to 8.3% in France, 9% in Ireland, and 7.5% in Finland⁴.

¹ Central Statistical Office (GUS).

² Central Statistical Office (GUS).

³ Central Statistical Office (GUS).

⁴ CIREC Report, 2005.

⁵ Klon/Jawor Association study: „Kondycja sektora organizacji pozarządowych w Polsce 2006”.

SOCIAL ECONOMY INSTITUTIONS in Poland:

The social economy sector in Poland includes a diverse range of institutions, some emerging from the traditional non-government sector and others more closely associated with the private sector:

- Over 17% (19,000 organizations out of a total of 60,000) of non-government organizations (NGO’s) take advantage of the possibility of running an income-generating business activity⁵.

The Association **“DISABLED PERSONS FOR THE ENVIRONMENT – EKON”** was established in 2003 with the dual objective of:

- Creating employment opportunities for the physically and mentally disabled;
- Promoting ecologically-friendly living by collecting and segregating recyclable waste.

The Association partnered with private sector firms and Local Employment Offices to recruit and train their employees to collect and sort recyclable waste. Since 2004 the impact of EKON’s activity has been profound:

- The association hires 600 people.
- 60,000 flats in Warsaw benefit from EKON services. EKON also has 16 local branches in four other Voivodships. The residents are given information about the benefits of recycling and thus learn about ecologically-friendly living.

- An estimated 16,000 cooperatives currently function in Poland in a variety of domains ranging from housing and medical services to consumer cooperatives.
- Over 140 social cooperatives have been founded since the 2006 Polish Act on Social Cooperatives was adopted.
- Over 50 Social Integration Centers (CIS) have been established based on the 2003 Act on Social Employment by Polish NGO’s, welfare centers and local governments to provide employment for people from socially marginalized groups (especially long-term unemployed, the homeless, formerly incarcerated individuals).
- 50 Employment Activation Units (ZAZ) offer transitional employment specifically to the physically and mentally disabled with the goal of helping them re-enter the open labor market.

The Hotel **“AT MR. COGITO’S”** was founded in 2003 in Cracow with the goal of employing patients suffering from psychological problems. The Hotel employees complete training as assistants in the kitchen, in hotel reception, cleaning services, catering services, and computer literacy. The Hotel’s profit is used to benefit the employees through, among other things, rehabilitation programs, an Employment Activation Unit (ZAZ), purchase of medicines, additional training programs. The impact of working in the Hotel is best described in the words of one employee: “Since I have been hired I have gained respect at home. I had become a scruffy grumbling woman after two years of being sick. Here, I regained a good figure, I am back on my feet again.”

CHALLENGES FACING THE SOCIAL ECONOMY in Poland:

A collaborative effort between NGO’s and the Polish government, with the support of international institutions including the European Union, has laid the groundwork for the Polish social economy sector. New legislation has been introduced, the social economy has been included in strategic documents, and the idea of the sector is being widely promoted. But more work needs to be done. The key challenges facing this sector can also be considered its main goals for the future:

- Modernizing the cooperative sector: Cooperatives in Poland are often negatively associated with the communist past. The cooperative sector must be better understood by the Polish public and should evolve to include larger cooperative that provide goods and services to the wider public. More social cooperatives should be established to provide employment for the most vulnerable social groups.
- Economizing the NGO sector: The widely held belief that economic activity is incompatible with social mission inhibits economic development of the NGO sector. An economically powerful Polish NGO sector will become a source of stable employment on the labour market and a stronger partner for the public sector in implementing effective social policy.
- More social enterprises: New institutional forms, such as Social Integration Centres-CIS and Employment Activation Units-ZAZ, are still few and far between. More should be established and they should function as an integrated network rather than as isolated institutions. There should be productive debate to finalize the anticipated Act on Social Enterprises.
- Capitalizing on the social economy for local development: Few local governments are aware of the role that the social economy can play in developing democracy, civil society and local economic growth. The social economy should be promoted as a tool for community development, both economic and social, and local decision-makers should incorporate the social economy in local development strategies.
- Better use of different financing mechanisms: The social economy should capitalize on a variety of income sources. Funding mechanisms such as the European Union Structural Funds are important in developing institutional capacity; while the Polish government can offer a range of incentives to social economy institutions (ex. tax deductions, employment subsidies, start-up capital schemes). These income sources, however, should stimulate social economy institutions to maximize their capacity and independently sustain themselves on the open market.
- Enrooting the social economy in society: Although the social economy has a long history in Poland, it is often perceived as a foreign concept. Decision-makers and the public (particularly as consumers) should be educated about the benefits of the social economy sector. Awareness raising campaigns should also be organized among potential beneficiaries of social economy initiatives, who are often weary of taking on the risk that enterprising activity involves.