



Study on employment models within the social economy and their role in including persons with disabilities into the labour market and society



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List of Acronyms

AFT	Work preparation training scheme (Norway)
ANED	The Academic Network of European Disability experts
CEE	Special employment centre (Centros especiales de empleo, Spain)
EASPD	European Association of Service Providers for Persons with Disabilities
EC	European Commission
EI	Employment integration enterprises (Empresas de inserción, Spain)
EPR	European Platform for Rehabilitation
EU	European Union
EDS	European Disability Strategy
NEET	Not in education, employment or training
NGO	Non-governmental organisation
PES	Public employment services
PWD	Person with disabilities
SADM	Ministry of Social Security and Labour (Lithuania)
SMEs	Small and medium enterprises
SROI	Social return on investment
UN CRPD	United Nations Convention on the Rights of Persons with Disabilities
VET	Vocational education and training
VTA	Permanently adapted work scheme (Norway)
WISE	Work integration social enterprise

1. Introduction to the study

People with disabilities face multi-faceted challenges in relation to their health, physical and cognitive abilities in carrying out daily living activities, social inequality and isolation. Employment acts an important safety net for people to afford opportunities for autonomy and adaptability, a means of participation in society, and a key facet of one's identity and self-worth. The right to employment is therefore unsurprisingly a human right enshrined in the EU Charter of Fundamental Rights (Article 15)¹. Equal opportunities for employment resonate throughout the EU policy framework from Article 27 of the UN Convention on the Rights of Persons with disabilities (CRPD), to the European Disability Strategy 2010-2020 (EDS), the European Pillar of Social Rights of 2017, and, beyond the EU, the 2030 Agenda for Sustainable Development, which includes disability as a horizontal issue in SDGs 4, 8, 10, 11 and 17².

This right and possibility however does not easily lend itself to equitable distribution across society - inclusion of persons with disabilities in labour markets across the EU, for example, is a long term goal and one that is far from complete. According to the latest comparable data (2011) from an ad-hoc module of the EU Labour force survey (LFS-AHM) on labour market access for persons with disability³, average employment of persons with basic activity difficulty⁴ stood at 47.3%⁵, or at the time, or almost 20% less⁶ than the employment rate overall. While there were marked differences across countries, no single country had inclusion of persons with basic activity difficulties on par with those with no impediments to work (see section 2.3). Even for those employed, however, there are issues related to the quality of employment – the type of contractual relationships and security they afford the workers concerned is one of many issues in this regard. According to a European Commission Progress Report on the EDS, persons with disability are overrepresented in part-time work, whether due to health or other issues some 22.3% of persons with disabilities who work under 30 hours per week reported that they would like to work more but do not have the opportunity to do so⁷. The same report also underscores a corresponding higher risk of poverty and exclusion, with 30% of persons with disabilities being at risk compared to 21.5% in the general population⁸.

Finally, the quality of the type of existing employment models and their alignment with the general policy direction towards inclusion of persons with disability also merits attention. The UN High Commissioner for Human Rights (OHCHR) has called for a shift in focus from sheltered employment schemes to promoting equal access for persons with disabilities in the open labour market⁹, as underlined in Article 27 – Work and employment – of the UN CRPD. Important aspects of Article 27 touch upon the work environment, its

¹ European Union Agency for Fundamental Rights (FRA), 2012. 'EU Charter of Fundamental Rights, Article 15 – Freedom to choose an occupation and right to engage in work'. Available at: <https://fra.europa.eu/en/charterpedia/article/15-freedom-choose-occupation-and-right-engage-work>

² United Nations, 'Disability – Inclusive SDGs'. Available at: http://www.un.org/disabilities/documents/sdgs/disability_inclusive_sdgs.pdf

³ Eurostat, 2014. 'Disability statistics – labour market access'. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Disability_statistics_-_labour_market_access

⁴ Namely difficulty with sight, hearing, walking and communicating.

⁵ European Commission, 2017. 'Progress Report on the implementation of the European Disability Strategy (2010-2020)'. Commission Staff Working Document, Brussels, 2.2.2017 SWD (2017) 29 final. Available at: <https://ec.europa.eu/social/BlobServlet?docId=16995&langId=en>

⁶ ANED estimation based on the same source is 23.8%, Ibid.

⁷ European Commission, 2017. 'Progress Report on the implementation of the European Disability Strategy (2010-2020)'. Commission Staff Working Document, Brussels, 2.2.2017 SWD (2017) 29 final. Available at: <https://ec.europa.eu/social/BlobServlet?docId=16995&langId=en>

⁸ Ibid.

⁹ Conference on "Inclusive workplaces: Employment of Persons with Disabilities in the Labour Market" (2017); available at: <http://www.edf-feph.org/newsroom/news/edf-board-resolution-right-work>

accessibility, equal opportunities and remuneration, equal ability to exercise labour and trade union rights, reasonable accommodation of the workplace and facilitated transition to the open labour market (see more on this Chapter 5).

The ambitious goals set for the scope and depth of employment and its quality as concerns persons with disability require multiple complementary measures from policy to practice. While global and EU strategies and frameworks advocate for inclusion of persons with disabilities in employment and social life, implementation of such schemes falls unto Member States themselves. Countries across Europe, recognizing this need have created various incentives targeting employers and employees alike. Social economy enterprises have emerged as important actors in this area across the EU, yet their role in facilitating inclusion of persons with disabilities into the labour market and training remain under-researched.

This study – commissioned jointly by the European Association of Service Providers for Persons with Disabilities (EASPD) and European Platform for Rehabilitation (EPR) as part of their 2018 Work Programmes – aims to address a gap in research and understanding on the quality of inclusion of persons with disability in social economy enterprises, or so-called Work Integration Social Enterprises (WISEs). The report presented here draws on desk research and interviews – specifically for country-level contextual analysis and enterprise-specific case studies, and insights from an EPR & EASPD-facilitated expert meeting¹⁰. As such, the study serves as a starting point in an exploration into questions of importance for improved understanding of the merits of social economy enterprises for labour market inclusion of persons with disability. The information below starts with an introduction of social economy enterprises as such and employment trends for persons with disabilities (Chapter 2). Chapter 3 presents a more detailed description of specific employment models for persons with disabilities in social economy in Belgium, Germany, Lithuania, Norway and Spain, including illustrative case studies in each country. Chapter 4 offers a reflection on the alignment of said models with Article 27 of the UN CRPD, which is followed by concluding thoughts and policy pointers (Chapter 5).

¹⁰ Employment Models within the Social Economy: Unlocking their potential to include people with disabilities in the labour market', Brussels, Belgium (Dec, 2018). More information available at: <https://www.epr.eu/epr-easpd-public-affairs-event-6-december-2018/>

2. Trends in labour market inclusion of persons with disabilities in social economy enterprises

2.1. Introduction: social economy and its actors

The term 'social economy' first appeared in France in the 19th century¹¹. Since then, social economy organisations have become an important part of European social, economic and political life. Despite the growth in this sector's activities and organisations, there is still no commonly accepted definition of 'social economy' and its actors in Europe. Instead, understanding of the concept is based on certain principles that social economy organisations share. For example, the European Commission highlights three characteristics that set social economy enterprises apart from conventional ones.

- **Social objective:** the key reason for their commercial operation is not a profit, but a social objective.
- **Reinvestment of profits:** profits of these organisations are reinvested to achieve the social objective.
- **Inclusive ownership or governance:** use of democratic and participatory governance mechanisms that reflect the overall mission of the organisation¹².

These principles are also laid out in the European Commission's definition of social enterprise, which sees it as

'an operator in the social economy whose main objective is to have a social impact rather than make a profit for their [sic] owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involve [sic] employees, consumers and stakeholders'¹³.

Some other conceptualisations of social economy enterprises include additional focus on *social innovation* in the provision of goods and services of general interest, *entrepreneurial behaviour* and *autonomy* of such organisations.

It is noteworthy that the prevalence and recognition of the 'social economy' concept varies greatly across EU Member States. A targeted survey of academics, professionals from the sector and various representative bodies in all EU Member States revealed that the concept of 'social economy' was most widely recognised in Spain, France, Portugal, Belgium and Luxembourg¹⁴. Meanwhile, the countries with little or no recognition of 'social economy' included Austria, the Czech Republic, Estonia, Germany, Latvia, Lithuania, Malta and the Netherlands¹⁵.

Social economy organisations can have a variety of different legal forms. The most common ones include cooperatives, mutual societies, non-profit associations, foundations and social enterprises, though there are

¹¹ European Commission, 2013. Social economy and social entrepreneurship, Social Europe guide, Volume 4.

¹² European Commission, DG Internal Market, Industry, Entrepreneurship and SMEs. Social enterprises. Available at: http://ec.europa.eu/growth/sectors/social-economy/enterprises_en

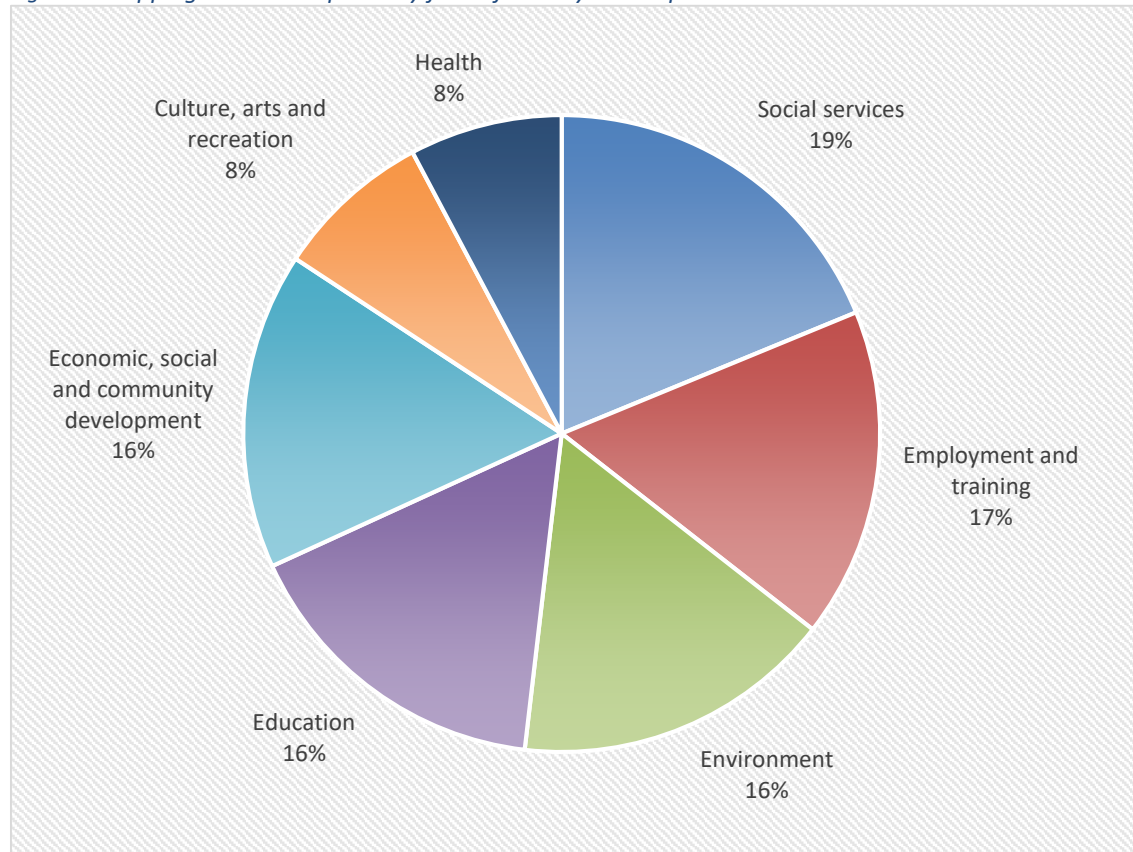
¹³ Communication from the European Commission, Social Business Initiative, COM/2011/0682 final of 25/10/2011)

¹⁴ European Economic and Social Committee, 2017. Recent Evolutions of the Social Economy in the European Union. Available at: <https://www.eesc.europa.eu/sites/default/files/files/qe-04-17-875-en-n.pdf>

¹⁵ Ibid.

various others across Europe. Social economy organisations are also active in diverse fields. A representative survey of nearly 600 social enterprises dispersed across Europe showed that social services, employment and training and environment were the three leading fields of operation (see Figure 1).

Figure 1. Mapping social enterprises by field of activity in Europe.



Source: European Commission, 2013.

The European Commission groups the activities of social enterprises into four broader categories encompassing the more detailed breakdown in Figure 1 above.

- **Work integration:** training and integration of people with disabilities and unemployed people.
- **Personal social services:** health, well-being and medical care, professional training, education, health services, childcare services, services for elderly people, or aid for disadvantaged people.
- **Local development of disadvantaged areas:** social enterprises in remote rural areas, neighbourhood development/rehabilitation schemes in urban areas, development aid and development cooperation with third countries.
- **Other:** including recycling, environmental protection, sports, arts, culture or historical preservation, science, research and innovation, consumer protection and amateur sports¹⁶.

This study focuses specifically on a subset of social economy enterprises – namely organisations focused on work integration/employment, commonly known as Work Integration Social Enterprises (WISEs). For the purposes of this study, we consider WISEs specifically to the extent it is possible, but also discuss findings on social economy enterprises in general, even if work integration is not their primary objective. Furthermore,

¹⁶ European Commission, DG Internal Market, Industry, Entrepreneurship and SMEs. Social enterprises. Available at: http://ec.europa.eu/growth/s1,923,745sectors/social-economy/enterprises_en

even though WISEs may target different vulnerable groups, our focus is on integration of persons with disabilities, and where possible from the data we present disaggregated information for this target group.

2.2. Work integration social enterprises

Mapping and grouping of WISEs in the EU is not a straightforward task given the heterogeneity of existing organisations that fall within this grouping. In this section we provide information on previous attempts to map WISEs precisely to illustrate the variety of WISEs and which dimensions they cover and at the same time differ on. Beyond the notion that WISEs represent the type of social enterprises that focus on the integration of disadvantaged groups (including persons with disabilities) into the labour market, there is no commonly accepted definition at the EU level. Hence, specific definitions of such enterprises, their legal types and regulation varies from country to country. A mapping study of WISEs in 12 EU countries, conducted back in 2010, identifies a number of important dimensions of heterogeneity of WISEs across the EU (see Table 1 below).

Table 1. Different dimensions of WISEs.

Dimensions	Brief description
Integration objectives	- Focus on transitional employment vs permanent employment. - Training focussed on professional skills or social integration.
Training and job contracts	- Training methodologies: on-the-job training, structured training, formal training or a mix of formal and informal training. - Employment contract: traineeship vs employment; temporary vs permanent contract.
Target groups	- Exclusive focus on specific group – e.g. persons with disabilities vs broad focus on multiple target groups.
Goals	- Focus on commercial activities vs social objectives.
Structure	- Small single organisation to large federalised structures (such as nation-wide cooperatives) that are often closely linked with larger networks of other organisations.
Governance	- Member-based organisations with democratic governance structures to non-inclusive forms of governance.
Resources	- Revenue from market sources, state subsidies, membership fees, donations etc.
Environmental relations	- Varying degrees of embeddedness in local communities.

Source: Spear et al, 2010. The role of social enterprises in European labour markets¹⁷.

While all these dimensions are relevant for considering the activities and types of existing WISEs, our study given the focus on employment models for persons with disabilities, hones in more into those dimensions that more directly relate to employment relations like integration objectives, resources and similar. In this sense, a typology developed by Davister et al (2004) based on a mapping exercise of 39 WISEs¹⁸ in 10 EU countries serves as a useful starting point. The different models of WISEs identified by the researchers include:

- **transitional employment or on-the-job training:** WISEs aim to integrate disadvantaged workers into the open labour market by providing them with necessary work experience and/or on-the-job training. The beneficiaries in such enterprises hold traditional employment contracts with a full package of social security benefits in the given country. German inclusive enterprises

¹⁷ Spear, R., Bidet, E., 2003. 'The Role of Social Enterprise in European Labour Markets', Working Papers Series, no. 03/10. Liège: EMES European Research Network.

¹⁸ Davister, C., Defourny, J., Gregoire, O., 2004. 'Work Integration Social Enterprises in the European Union: An Overview of Existing Models'. WP no. 04/04. Emes Research Network.

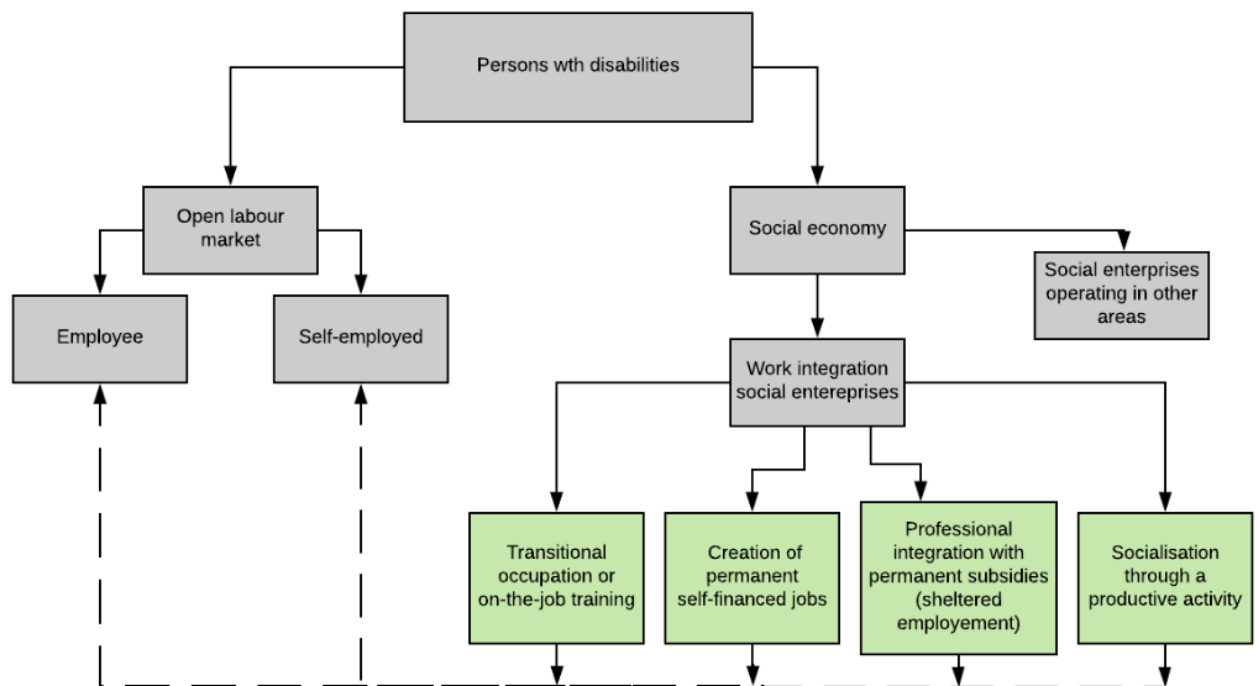
(*Inclusionsbetriebe*) (see section 3.2) or French Work Integration Enterprises (*Entreprises d'Insertion*) serve as good examples of this model of integration.

- **Creation of permanent self-financed jobs:** these WISEs aim to create opportunities for disadvantaged workers to maintain stable and economically sustainable employment in the open labour market. This model includes subsidies provided by the state to cover lower productivity of the disadvantaged workers. In some cases, the subsidies generally taper off during a set period of time and WISEs cover all the remaining expenses for the integration of workers into the labour market. An illustrative example in this case could be the Enterprises of the Spanish National Organisation for the Blind (*Empresas de la Organización Nacional de Ciegos de España*) (see section 3.5) or Lithuanian social enterprises (*socialinės įmonės*) (see section 3.3).
- **Professional integration with permanent subsidies:** this model includes 'sheltered' workplaces for the most disadvantaged groups, whose sustainable integration into the open labour market could be considered as difficult over the medium-term. Under this model, WISEs offer the disadvantaged groups (mostly persons with disabilities) training aimed at building/improving their professional competences as well as various productive activities. However, transition rates to the open labour market from such establishment tend to be very low. For instance, custom work companies (*Maatwerkbedrijven*) in Belgian Flanders region (see section 3.1) or Norwegian permanently adapted work scheme (*Varig tilrettelagt arbeid*) (see section 3.4) would fit this model.
- **Socialisation through a productive activity:** WISEs in this category primarily aim to (re)socialise target groups through social contact, build their life-skills and encourage to follow more 'structured' lifestyles. Labour market integration is not necessarily a primary objective, but such possibility is not excluded. The target group includes persons with severe disabilities or other serious problems (drug addicts, alcoholics etc.). The disadvantaged persons usually do not have employment contracts. For example, workshops for persons with disabilities in Germany (*Werkstätten für behinderte Menschen*) (see section 3.2) provide an illustrative example of this particular model.

Importantly, the different work integration modes described above are not mutually exclusive, meaning in practice WISEs can hold certain characteristics of two or more of these categories (see section 3.1 for an example of a Belgian WISE that provides on-the-job training/transitional employment and socialisation through a productive activity alongside its core activity which is professional integration with permanent subsidies).

Figure 2 below illustrates different pathways through which persons with disabilities enter the labour market. One pathway is direct employment in the open labour market. EU Member States have various mechanisms and incentives to encourage the entry of persons with disability into the open labour market. For instance, they include quota systems for public and private sector companies, wage subsidies, financial grants for workplace adaptation, subsidies for hiring an assistants/coachers etc. Another pathway for persons with disabilities is social economy organisations, and particularly the ones explicitly working to achieve this goal (WISEs). As underlined above, WISEs across the EU use diverse models facilitating inclusion of persons with disabilities into the labour market, with some of them placing an explicit emphasis on the (re)integration of into the open labour market, while and others focusing more on the development professional, social and life-skills and employment in protected work environments.

Figure 2. Framework of labour market integration of persons with disabilities through WISEs.



Source: developed by authors based on Davister et al, 2004¹⁹.

Having discussed the theory of how WISEs integrate persons with disabilities into the labour market, in the section below we turn to employment trends of persons with disabilities, including in general and specifically in social economy enterprises.

2.3. Employment of persons with disabilities in the EU

Key for measuring any trend is firstly defining its boundaries. In the case of measuring the extent of employment of persons with disability, it is therefore key to first understand how disability is defined and potentially issues for comparability of available data. There is no universally accepted definition of 'disability' at the EU level. Various EU Member States use different definitions of 'disability', which depend on their national historical, political and cultural contexts. Some EU Member States use mostly medical aspects to define disability, while others focus more on social aspects or a mix of both. At the same time, some EU members – particularly Scandinavian countries – steer away from defining disability in order to pre-empt stigmatisation that could be brought about by the use of such a definition²⁰.

Lack of a common definition has negative implications for collection of comparable statistical data on disability in EU Member States. For example, the EU's Labour Force Survey ad-hoc module that looked into the situation of persons with disability in the labour market (LFS AHM –data from 2011)²¹ uses two definitions of disability.

- Definition 1: People having a basic activity difficulty (such as sight, hearing, walking, communicating).

¹⁹ Davister, C., Defourny, J., Gregoire, O., 2004. 'Work Integration Social Enterprises in the European Union: An Overview of Existing Models'. WP no. 04/04. Emes Research Network.

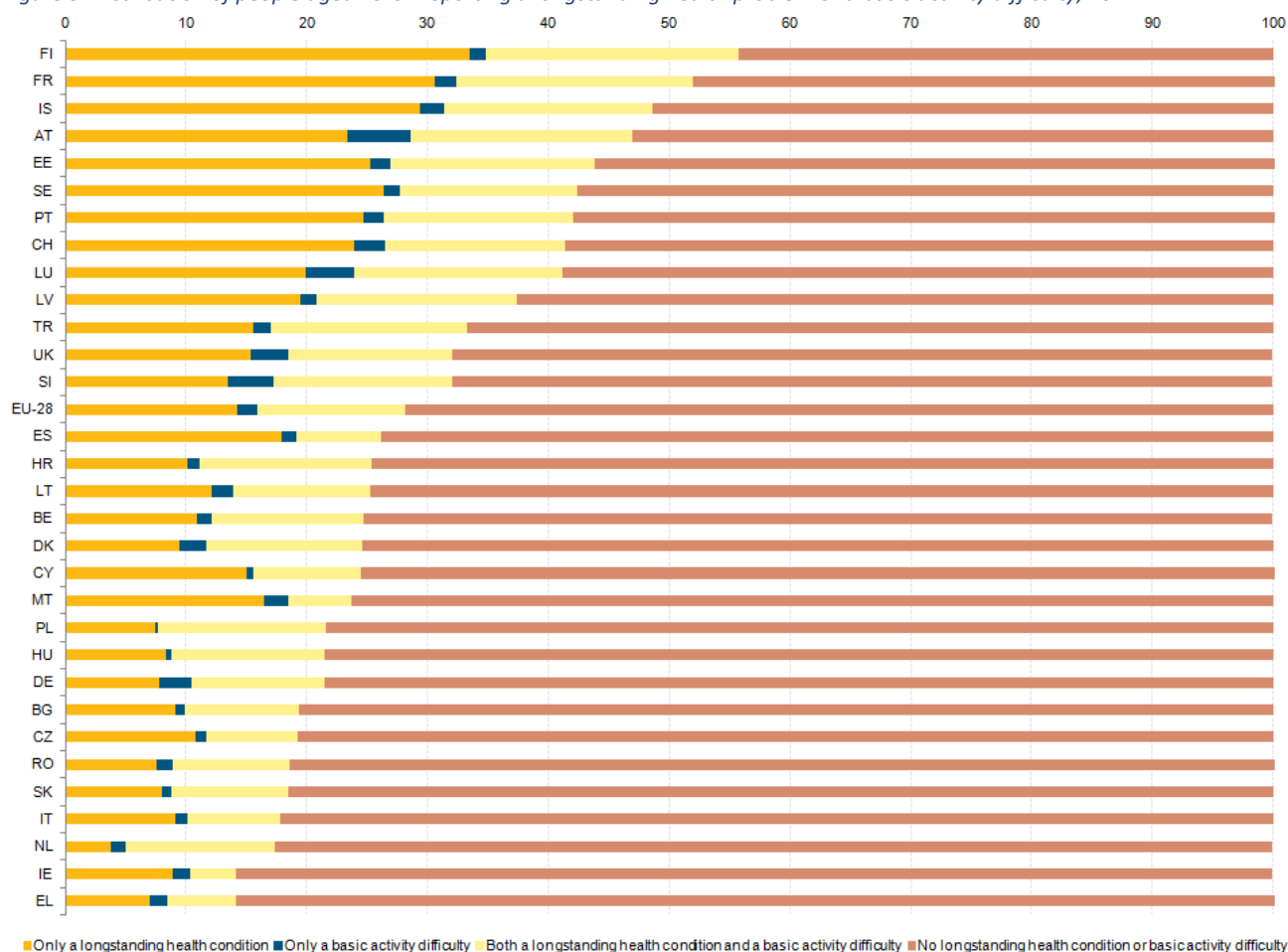
²⁰ European Parliament, 2017. European disability policy. 'From defining disability to adopting a strategy'. Available at: [http://www.europarl.europa.eu/RegData/etudes/IDAN/2017/603981/EPRS_IDA\(2017\)603981_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2017/603981/EPRS_IDA(2017)603981_EN.pdf)

²¹ Eurostat, 2015. 'Employment of Disabled People. Statistical analysis of the 2011 Labour Force Survey'. Available at: <https://ec.europa.eu/eurostat/documents/3888793/6802087/KS-TC-14-007-EN-N.pdf/5c364add-6670-4ac9-87c7-9b8838473a7b>

- Definition 2: People limited in work because of a longstanding health problem and/or a basic activity difficulty (LHPAD).

Survey results show considerable differences in the share of persons reporting a longstanding health problem and/or basic activity difficulty across the EU. At the EU level, around 28% of people aged 15-64 reported a longstanding health problem or a basic activity difficulty, or both (see Figure 3). This figure ranged from just 14% in Greece and Ireland to over 50% in France and Finland.

Figure 3. Distribution of people aged 15-64 reporting a longstanding health problem or a basic activity difficulty, 2011.



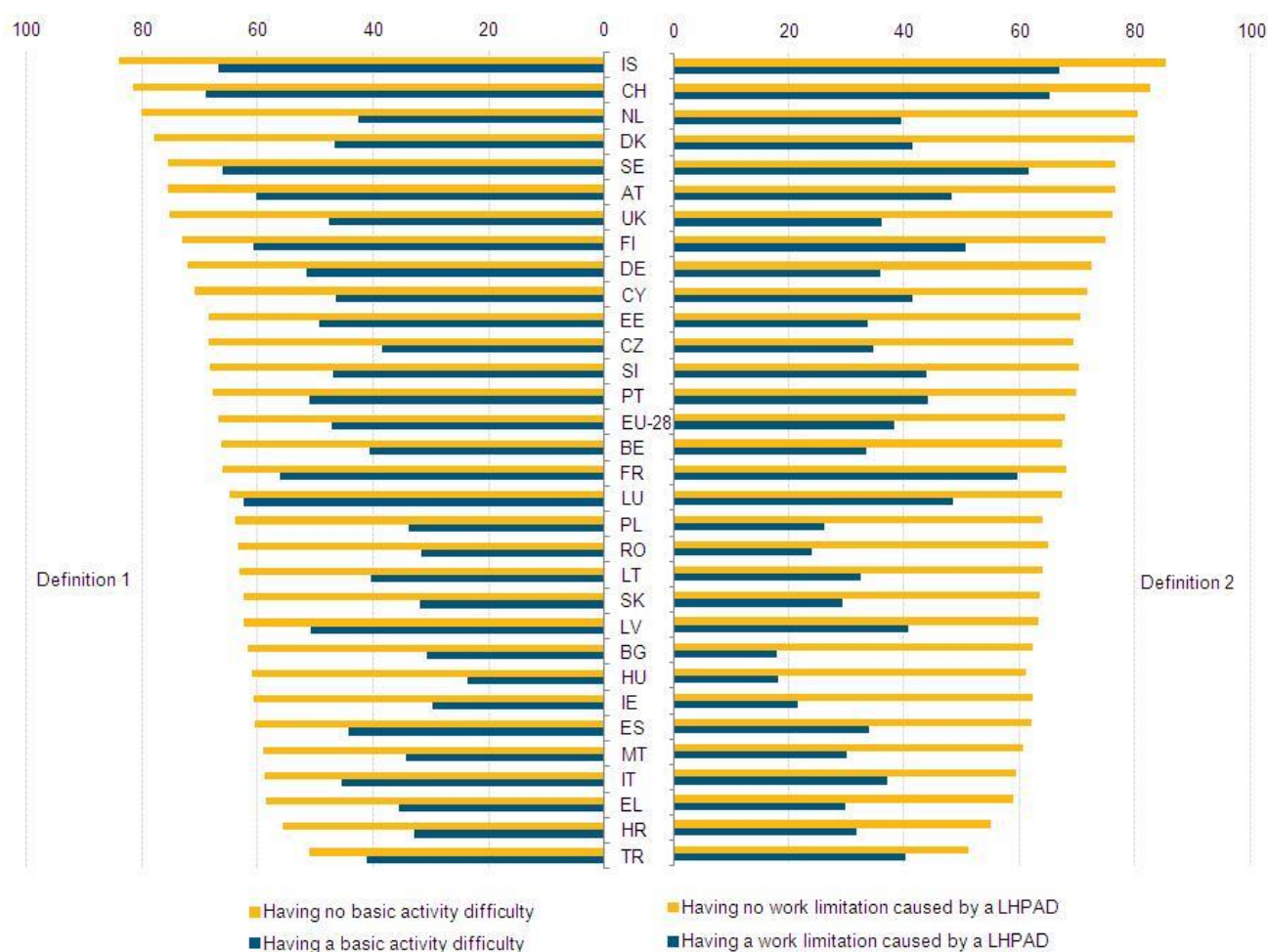
Source: Eurostat²².

Regardless of the definition used, persons with disabilities had significantly lower employment rates across the EU when compared to persons without disabilities (see Figure 4). According to the definition of disability as basic difficulty of activity (sight, hearing, walking, communicating), the employment rate of people with basic activity difficulties in the EU-28 in 2011 was 47.3%, which was almost 20 percentage points lower than that for persons without disabilities. When using the second definition, the employment rate for persons reporting longstanding health problems and/or a basic activity difficulty stood at 38.1% and was nearly 30 percentage points lower as compared to persons without disabilities²³.

²² Eurostat (2014) Disability statistics – labour market access. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php/Disability_statistics_-_labour_market_access

²³ Ibid.

Figure 4. Employment rate of persons aged 15-64, by country and disability definition, 2011 (in %).



Source: Eurostat²⁴.

When looking at country-level data, the gap was the largest in many Central and Eastern European countries, such as Hungary, Bulgaria, Romania and Slovakia to mention a few, while some Western European and Scandinavian countries, such as Luxembourg, France, Finland or Sweden, had notably lower differences in employment rates between persons with disabilities and those without disabilities. Some exceptions to this trend include, for example, the Netherlands and Denmark where employment rates of persons with disabilities whether due to long-standing health issues or basic activity difficulties was around or under 50%, or Latvia, where the respective employment rates were above the EU average.

It is nonetheless important to use caution when interpreting these statistics as data on employment rates are affected by national definitions of what persons are considered as 'active' and 'inactive' on the labour market in specific Member States. For example, around 750,000 persons working in German workshops for persons with disabilities are not officially considered as employees according to national legislation, whereas in other countries like Belgium sheltered employees count towards the active labour force. Moreover, some persons with disabilities that are employed in the mainstream labour market may not appear in statistics as having work limitations²⁵.

²⁴ Eurostat 2014. 'Disability statistics – labour market access. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Disability_statistics_-_labour_market_access

²⁵ Eurostat 2014. 'Disability statistics – labour market access. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Disability_statistics_-_labour_market_access

Employment in social economy enterprises

Even though many social economy enterprises have among their objectives employment of persons with disabilities, there are no comprehensive and comparable statistics on the number/share of employed persons with disabilities in social economy enterprises across the EU Member States. Some anecdotal figures available in previous research reports indicate that there were around 2-3mn of persons with disabilities working in sheltered employment in Europe²⁶. As such, we turn to available data on employment created by social economy enterprises in general, regardless of the target groups implicated.

Social economy enterprises play an important role in creating employment in the EU. According to a 2017 study of the European Economic and Social Committee, the sector provided paid employment to 6.3% of the working population in the EU-28 in 2015. In absolute figures, this translated into employment of 13.6mn people across the EU. The share of employed persons within the social economy decreased slightly from the 6.5% recorded in 2012²⁷.

There are notable regional differences between the 'old' and 'new' EU Member States in terms of employment in social economy, in line with earlier underlined differences in performance of these groups of countries in employment of persons with disabilities overall (see Table 2). The average employment rate for the EU's newer entrant countries stood at just 2.6% in 2014-15, while the same figure for the 'old' EU Member States was 7.3%. This trend largely corresponds to the finding that 'social economy' as a concept is much more widely acknowledged in the 'old' EU Member States as compared to the 'new' ones²⁸.

Table 2. Paid employment in the social economy compared to total paid employment in EU-28 (2014-15).

Country	Employment in social economy (A)	Total employment (B)	% A/B
Austria	308,050	4,068,000	7,6%
Belgium	403,921	4,499,000	9,0%
Bulgaria*	82,050	2,974,000	2,8%
Croatia*	15,848	1,559,000	1,0%
Cyprus*	6,984	350,000	2,0%
Czech Republic*	162,921	4,934,000	3,3%
Denmark	158,961	2,678,000	5,9%
Estonia*	38,036	613,000	6,2%
Finland	182,105	2,368,000	7,7%
France	2,372,812	39,176,000	9,1%
Germany	2,635,980	39,176,000	6,7%
Greece	117,516	3,548,000	3,3%
Hungary*	234,747	4,176,000	5,6%
Ireland	95,147	1,899,000	5,0%
Italy	1,923,745	21,973,000	8,8%
Latvia*	19,341	868,000	2,2%
Lithuania*	7,332	1,301,000	0,6%
Luxembourg	25,345	255,000	9,9%
Malta*	2,404	182,000	1,3%

²⁶ EASPD, 2012. 'The Evolving Concept of Sheltered Workshops in the EU: Realities and Future Developments'. Available at: http://www.easpd.eu/sites/default/files/sites/default/files/newsletters/newsletter_en_2012.pdf

²⁷ European Economic and Social Committee, 2017. 'Recent Evolutions of the Social Economy in the European Union'. Available at: <https://www.eesc.europa.eu/sites/default/files/files/qe-04-17-875-en-n.pdf>

²⁸ European Commission, 2016. 'Social Enterprises and their Eco-systems: Developments in Europe'. Available at: <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7934&furtherPubs=yes>

Netherlands	798,778	8,115,000	9,8%
Poland*	365,900	15,812,000	2,3%
Portugal	215,963	4,309,000	5,0%
Romania*	136,385	8,235,000	1,7%
Slovakia*	51,611	2,405,000	2,1%
Slovenia*	10,710	902,000	1,2%
Spain	1,358,401	17,717,000	7,7%
Sweden	195,832	4,660,000	4,2%
United Kingdom	1,694,710	30,028,000	5,6%
Total New Member States (13)	1,134,269	44,311,000	2,6%
Total Old Member States (15)	12,487,266	171,411,000	7,3%
Total EU-28	13,621,535	215,722,000	6,3%

Source: EESC, 2017. * New EU Member States (joining since 2004).

While it is possible to provide some trends on employment of persons with disabilities both in the labour market in general and social economy enterprises specifically, it is important to note that available comparative data (EU-LFS) is at the time of writing this report at the end of 2018 rather out of date and potentially not representative of the situation at this time. In addition, for analysis and interpretation of employment statistics, it is important to consider employment trends of persons with disabilities in light of overall employment rates in a given country at the time, to control for effects of economic cycles. For a more nuanced analysis of employment rates see the contextual analysis in five countries, presented in sections 3.1- 3.5.

Finally, employment of persons with disabilities is an important indicator for measuring the performance of social economy enterprises, particularly in terms of financial sustainability – this is discussed in the section that follows.

2.4. Financial sustainability of social economy enterprises

Financial sustainability is not a straightforward concept when it comes to measuring the worth and value of not only economic but also social outcomes. It's furthermore complicated that social enterprise is a label for potentially very different organisations, as illustrated earlier in the chapter – as such, we will not define but rather focus on what literature has shown to be important aspects to consider in relation to financial sustainability of social enterprises.

Social economy enterprises often prioritize social benefit to economic profit. Governments from around the globe, while interested to expand the potential of this sector to address social issues, are looking for ways to reduce direct funding for social enterprises which are expected to produce economic and social benefit in equal measure^{29, 30}. Social economy enterprises in general therefore are encouraged to be entrepreneurial and cover their costs to the extent possible. To speak of drivers of financial sustainability – literature points to 'soft factors' as being of key importance. A qualitative study of 93 social enterprises in Australia and Scotland, confirmed previous literature in finding 'collaborative networks, organisational capabilities, resourcing and legitimacy (...) salience of organizational structure in the development of social ventures,

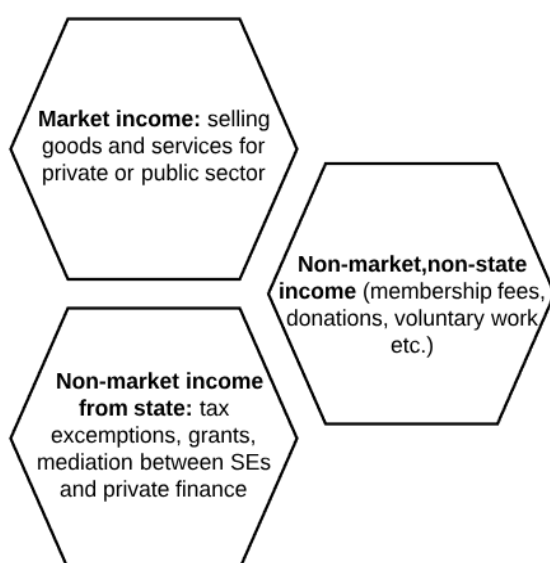
²⁹ Defourny, J. & Nyssens, M. 2010. 'Conceptions of social enterprise and social entrepreneurship in Europe and the United States: convergences and divergences', Journal of Social Entrepreneurship, vol. 1, no. 1, pp. 32-53.

³⁰ Peattie, K., Morley, A. 2008. 'Social enterprises: diversity and dynamics, contexts and contributions'. [Discussion Paper]. Cardiff: BRASS / ESRC / Social Enterprise Coalition. Available at: <http://orca.cf.ac.uk/id/eprint/30775>

particularly in terms of access to important resources'³¹. In addition to identifying some new ones meriting further exploration, including, importantly – strategic growth orientation associated with commercial outcomes, which social enterprise leaders in the study identified as the primary driver for sustainability.

When it comes to the type of social economy actors under consideration in this study – those whose mission is to employ persons with disabilities – there is a mixed picture across countries in terms of the plausibility of market-rules-based survival. In the section that follows we consider the types of revenue sources social economy enterprises in the EU sustain their operations from, also looking into examples from specific Member States. A mapping report of social enterprises and their eco-systems in the EU shows that a majority

Figure 5. Key revenue sources of social economy enterprises.



of social enterprises typically adopt a hybrid business model deriving their revenues from a combination of market and non-market sources³². Market sources of income are associated with the sale of goods and services either to the public or private sector, while non-market sources include government/EU subsidies and grants, private donations, non-monetary or in-kind contributions such as voluntary work and other forms of support (see Figure 5).

The relevance of each of these sources of income varies greatly across the EU. In some countries like the Czech Republic, Finland, France, Italy and the UK, social enterprises derive most of their revenue from market sources and particularly from the sale of goods and services to public

authorities. For example, in the United Kingdom, 74% of social enterprises earned more than 75% of their income from trading in 2017³³. In Italy, in 2011 the same was true for 40-90% of the total revenue of such enterprises, depending on the type³⁴.

In several other countries (e.g. Austria and Poland), the entrepreneurial dimension of social enterprises is weaker as less than 50% of their revenue comes from market sources. Non-market sources generally constitute government subsidies, tax exemptions and grants (especially important for sheltered workshops), but to a lesser extent private donations, non-monetary contributions in kind (e.g. voluntary work) and membership fees.

This variation could be partly explained by different welfare and social enterprises eco-systems (models) existing in different EU Member States as well as different organisational/legal forms adopted by social enterprises across Europe. Institutionally recognised forms of social enterprise are typically more market-

³¹ Jenner P., 2015. 'Social enterprise sustainability revisited: an international perspective'. Emerald Group Publishing Limited

³² European Commission, 2016. 'Social Enterprises and their Eco-systems: Developments in Europe'. Available at: <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7934&furtherPubs=yes>

³³ Social Enterprise UK, 2017. 'The Future of Business: State of Social Enterprise Survey 2017'. Available at: <https://www.socialenterprise.org.uk/Handlers/Download.ashx?IDMF=a1051b2c-21a4-461a-896c-aca6701cc441>

³⁴ European Commission, 2016. 'Social enterprises and their eco-systems: A European mapping report. Updated country report: Italy'. Available at: <https://ec.europa.eu/social/keyDocuments.jsp?advSearchKey=socenteco&mode=advancedSubmit&langId=en&search.x=0&search.y=0>

oriented than *de-facto* social enterprises that have originated from the more traditional non-profit sector (for example associations, foundations, voluntary and community organisations)³⁵.

The question of whether a social enterprise that is more business-like in that it covers its costs from market sources is more financially sustainable than social enterprises of a non-profit nature in and of itself merits separate exploration. An important question in this respect is the 'object' of financial sustainability – should financial sustainability be considered from the point of view of the enterprise itself or the state (if social enterprises are providing otherwise state-financed services) – in which case its 'sustainability' could be compared from the point of view of public finances and alternative models of service delivery. Another important question is the 'scope/depth' of the *problem* social enterprises are addressing – should the financial sustainability of a social enterprise working with individuals with minor impediments or distance to the open labour market be gauged using the same indicators as one working with people that would otherwise be reliant on institutionalized (and expensive) state support.

To consider only the financial aspect, business-like social enterprises can be considered more financially sustainable from the point of view of the state. Nevertheless, both in those countries where social enterprises gain more from market and those that are more dependent on non-market income sources, the state plays a crucial important role. For example, in the UK, the public sector is the main source of income for 20% of all social enterprises³⁶. An estimated 45% of social enterprises in Italy have public bodies as their main clients. Below we consider the types of market and non-market incentives for social enterprises from governments across the EU.

Different market and non-market income sources

From the available types of incentives for social enterprises in the EU, three different support schemes can be distinguished:

- those, targeting all enterprises that meet specific criteria;
- those targeting the social economy/non-profits;
- those directly targeting social enterprises.

Most countries offer at least two support schemes. For example, in Poland, the government provides start-up grants to all enterprises employing disabled people. Similarly, in Spain, various support measures are available to enterprises employing certain (target) groups. In addition, Spain provides ad-hoc support measures aimed specifically at special employment centres.

³⁵ European Commission, 2014. 'A map of social enterprises and their eco-systems in Europe. A synthesis report'. Available at: <https://ec.europa.eu/social/BlobServlet?docId=12987&langId=en>

³⁶ Social Enterprise UK, 2017. 'The Future of Business: State of Social Enterprise Survey 2017'. Available at: <https://www.socialenterprise.org.uk/Handlers/Download.ashx?IDMF=a1051b2c-21a4-461a-896c-aca6701cc441>

Belgium has support schemes for social enterprises in each of the country's three regions. The Walloon Region has subsidies, start-up assistance and grants for the employment of disadvantaged jobseekers. The Brussels Capital Region also provides grants to social integration enterprises. Moreover, every business or non-profit organisation in the Brussels Capital Region wishing to employ certain categories of jobseekers in accordance to the principles of the social economy can apply for funding. In addition, BRUSOC, a subsidiary of the Brussels Regional Investment Agency, provides funding and support to the self-employed, small enterprises and social economy projects employing persons with disabilities with loans at preferential rates. A private individual or an organisation with a viable idea can apply for microcredit, seed capital and cash credit from BRUSOC.

Aside from subsidies and grants, EU Member States often provide fiscal incentives for social economy organisations. These incentives can be classified into three types: (1) reduced social security contributions for social enterprises when they perform in given fields; (2) tax exemptions and lower rates envisaged for social enterprises under specific conditions; and (3) tax reductions granted to private and/or institutional donors of social enterprises³⁷.

Besides direct grants and tax exemptions, EU Member States promote social enterprises through public procurement schemes. For example, in Lithuania, all public sector institutions are required to procure at least 5% of goods or services from social enterprises. In Sweden, the country's social insurance agency has been actively involving social economy and voluntary organisations as well as SMEs in reviews of procurement practices in order to identify challenges they face in public procurement tenders³⁸.

Sheltered workshops

When considering financial sustainability of social economy organisations within the field of labour market inclusion, it is important to distinguish organizations offering sheltered work arrangements. Once again, sheltered workshops do not have a single definition, but a European Parliament study defines them as '*employment in an undertaking where at least 50% of workers are disabled*'³⁹. Meanwhile, the EASPD defines the phenomenon as a '*simulated work environment and vocational training to equip people with disabilities ideally with the skills for open employment*'. Many sheltered workshops across the EU are run by social economy enterprises.

Several studies indicate that sheltered workshops are not sustainable strictly in financial terms. For example, a cost-benefit analysis of Hungarian sheltered workshop The Civitan Help Association (Civitan) revealed that the facility was not cost-beneficial from the government financial perspective⁴⁰. Another example features one of the longest operating sheltered workshops in Europe Remploi (UK), which was closed back in 2013.

³⁷ European Commission, 2016. 'Social enterprises and their eco-systems: A European mapping report. Synthesis report'. Available at: <https://ec.europa.eu/social/BlobServlet?docId=12987&langId=en>

³⁸ OECD, 2013, 'Policy Brief on Social Entrepreneurship. Entrepreneurial Activities in Europe'. Available at: https://www.oecd.org/cfe/leed/Social%20entrepreneurship%20policy%20brief%20EN_FINAL.pdf

³⁹ European Parliament, 2015. 'Reasonable Accommodation and Sheltered Workshops for People with Disabilities: Costs and Returns of Investments'. Available at: http://www.europarl.europa.eu/RegData/etudes/STUD/2015/536295/IPOL_STU%282015%29536295_EN.pdf

⁴⁰ Ibid.

Prior to its closure, many of Remploy's factories were considered as not economically sustainable⁴¹. Finally, in Germany sheltered workshops cannot finance themselves and are largely dependent on state support.

Importantly, however, there are no clear-cut methodologies for measuring financial sustainability of social-good producing entities, and those that have attempted measuring the Social Return on Investment (SROI) show a different picture. For example, a Scottish Government-funded SROI Evaluation on the Real Jobs supported employment programme cites a social return of GBP 4.86 for every GBP 1 invested, albeit at the time of the evaluation the organisations providing the supported employment were third-sector organisations. Specifically referring to social enterprises in name and mission, Fundación Once, a substantial member-based organisation providing services for persons with blind and visually impaired persons, cites a KPMG study on the special employment centres in Spain which found that they generate EUR 1.44 return on social investment for every EUR 1 invested⁴².

Given a lack of existing studies, especially ones attempting to compare countries and types of employment models, the main insight into the financial sustainability of social economy enterprises is the need for more research into this area, and consideration of appropriate indicators for measuring financial sustainability.

Beyond the financial aspect of the operation of social enterprises, it is important to consider the quality of employment they generate, and how. A key aspect in this respect are the opportunities for vocational training, both for the sustenance of a person within a given establishment but also for their possibilities for securing employment on the open labour market, if that is an explicit aim of the enterprise or person involved.

2.5. Vocational training for persons with disability in social economy

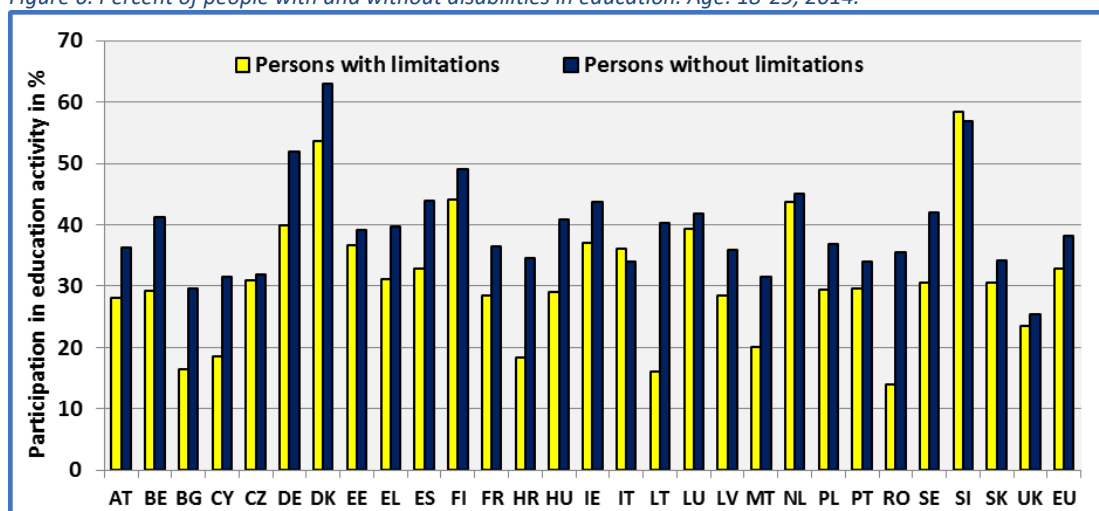
Statistical data on persons with disability in education and vocational training across the EU is scarce. This issue becomes even more acute when looking specifically at vocational training within the social economy sector. Nonetheless, available data indicates that persons with disabilities are less likely to be in education (including formal vocational training) than persons without disabilities (see Figure 6).

⁴¹ Sayce, L., 2011. 'Getting in, staying in and getting on: Disability employment support fit for the future. A review to the Department for Work and Pensions', UK. Available at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/49779/sayce-report.pdf

⁴² Fundación ONCE, 2013. 'Los Centros Especiales de Empleo (CEE) general EUR 1.44 por cada euro percibido de la Administración'. Available at: <https://www.fundaciononce.es/es/noticia/los-centros-especiales-de-empleo-cee-generan-144-euros-por-cada-euro-percibido-de-la>

Figure 6. Percent of people with and without disabilities in education. Age: 18-29, 2014.



Source: Centre for European Social and Economic Policy, 2017.

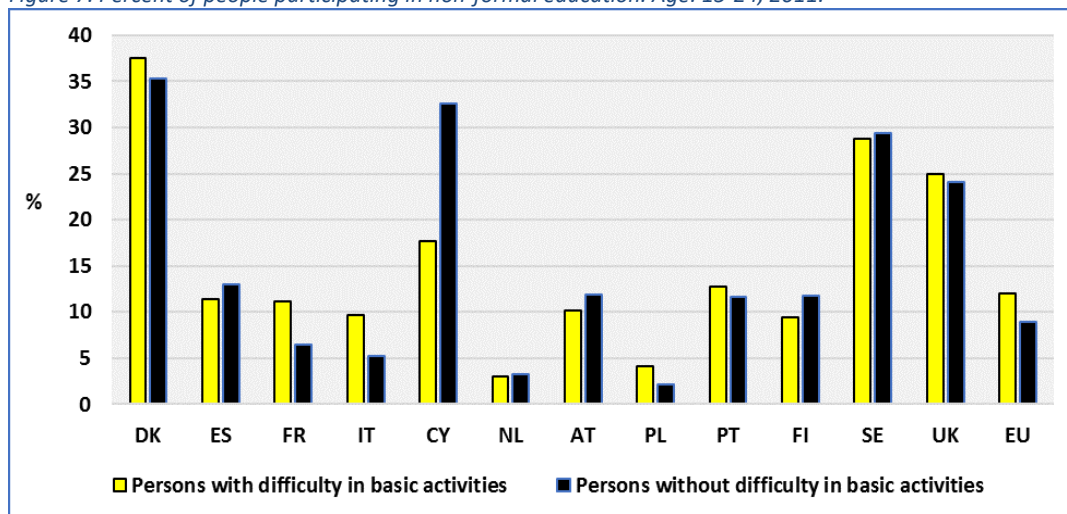
Overall, the participation rate in education for all individuals aged 18-29 in the EU stood at 38.3% in 2014, while the figure for persons with disabilities was 32.5% the same year. The gap was particularly high in many of the 'newer' EU Member States such as Bulgaria, Croatia, Hungary, Lithuania or Romania. Compared to 2010, the situation at the EU level remained virtually unchanged.

The latest available data from Eurostat (2011) also show that persons with basic activity difficulties were more likely to be not in employment, education or training (NEET). NEET rates for the generation aged 15-34 years was 15.7%, while the same figure for those with basic activity disability stood at around 30.7%. The gap was much more pronounced (25 percentage points) for people with work limitations caused by a longstanding health problem and/or a basic activity difficulty (40.4 % and 15.4 % respectively)⁴³.

Interestingly, the situation changes when looking at participation rates in non-formal education. Although data on participation rates in non-formal education is available in only 12 EU Member States (see Figure 7 below), persons with difficulty in basic activities in these countries were more engaged in educational activities as compared to the persons without difficulty in basic activities, indicating a higher engagement of persons with disabilities in non-formal education and training.

⁴³ Eurostat. Disability statistics. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php/Disability_statistics

Figure 7. Percent of people participating in non-formal education. Age: 15-24, 2011.



Source: Centre for European Social and Economic Policy, 2017.

Models of training in social economy

Many social economy organisations offer vocational rehabilitation and/or training services as part of their broader employment schemes. In fact, training often is one of the key steps of work integration as it helps to build professional, social and personal skills needed to participate in the labour market. The training models applied by WISEs are just as diverse as the social economy landscape across the EU. The training models social economy enterprises offer also depend on country-specific legislative systems and, particularly, educational systems. Nonetheless, some of the previous studies have tried to reduce this complexity into a few broad categories based on the setting the training is provided in or the nature (methodology) of the training itself.

One way to categorise types of training is by looking at settings the training is provided in (Table 3). It is important to note that these settings are not mutually exclusive.

Table 3. Vocational education and training settings in the EU.

Setting	1. Special VET training centres: training is provided in special vocational education and training (VET) centres for workers with disabilities. They provide various subsidized measures to address negative repercussions for learners with disabilities who have not been successful in the mainstream environment.	2. Mainstream: training for persons with disabilities is provided in mainstream settings (together with persons without disabilities).	3. On-the-job training: provided either by the employer or different organizations. Usually functions under the regulation of supported employment and is financed by public agencies. <u>On-the-job training may take place outside formal educational schemes or be included in them as a part of vocational training.</u> In addition, it can range from informal to formal training.
Examples	In Germany, many workshops for persons with disability have distinct vocational training departments, which offer two-year individualised vocational training programmes aimed at	Investt was a three-year project (Dec 2012-Nov 2015) co-funded by the Lifelong Learning Leonardo Da Vinci Programme (EU), which developed a strategy for implementing universal	In Lithuania, most social enterprises offer on-the-job training for persons with disabilities. Such training is closely associated with work tasks required to be performed by employed

	developing, enhancing or recovering performance and ability to work. Alongside vocational education, they also support the development of practical life skills.	design in the mainstream vocational education and training system (VET). Four vocational education providers in Europe - Austria, Belgium, Norway and Slovenia - were piloting new practices in VET together with local service providers and researchers ⁴⁴ .	persons with disabilities. The training is very basic and carried out by more experienced employees or managers of that company.
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Source: developed by authors based on reports of European Agency for Special Needs and Inclusive Education.

Social economy enterprises may be active in each of these settings and this varies from country to country. **Special VET centres** for persons with disabilities are generally associated with vocational rehabilitation needs and often utilise production-based approach to training⁴⁵. While such centres have been found to offer better pedagogical quality for persons with disability (especially for those with severe disabilities) than the mainstream ones, some literature sources criticise them for promoting students' exclusion from the rest of society, failing to respond to rapidly changing skill-demand on the labour market, and a tendency to promote disability- or gender- stereotyped activities through training⁴⁶.

Vocational training for persons with disabilities in **mainstream settings** have been rising in popularity across Europe. The mainstream approach – with necessary reasonable accommodation modifications – is advocated by various intergovernmental organisations and NGOs as more inclusive and equitable compared to, for example, special VET centres. Moreover, previous studies have found various positive outcomes associated with vocational training in mainstream settings. For example, students are more likely to have more certain aspirations for the future; they tend to be more proactive in investigating their career pathways; they are more likely to continue education; they tend to be more socially integrated and aspire for independent living⁴⁷. That said, for the benefits of the vocational training practices in the mainstream settings to be fully realised, various support services such as reasonable accommodation, tutoring, supervision and guidance are particularly important.

⁴⁴ EASPD, Towards inclusive vocational education (Investt). Available at: http://easpd.all2all.org/sites/default/files/sites/default/files/SCEDUC/eas_006-13_en_hr.pdf

⁴⁵ European Agency for Special Needs and Inclusive Education, 2014. 'Vocational Education and Training. Policy and Practice in the field of Special Needs Education. Literature Review'. Available at: https://www.european-agency.org/sites/default/files/vocational-education-and-training-policy-and-practice-in-the-field-of-special-needs-education-literature-review_VET-LiteratureReview.pdf

⁴⁶ Ibid.

⁴⁷ European Agency for Special Needs and Inclusive Education, 2014. 'Vocational Education and Training. Policy and Practice in the field of Special Needs Education. Literature Review', p. 22. Available at: https://www.european-agency.org/sites/default/files/vocational-education-and-training-policy-and-practice-in-the-field-of-special-needs-education-literature-review_VET-LiteratureReview.pdf

On-the-job professional training is another very popular setting for vocational training, especially in social economy enterprises⁴⁸. In this case, the key objective of training is to provide work-specific information for workers to carry out essential tasks, introduce them to safety rules, use of equipment and other similar information. Other work-related knowledge and skills are usually developed on-the-job with the support of special coaches or more experienced employees. This type of training is informal and persons completing it often do not get a widely recognised certificate of qualification. Statistical data on the prevalence of non-formal employment among young persons with disabilities corroborates this finding (see Figure 7). Finally, in some cases, social economy organizations can provide both types of training, depending on the individual needs of the participant concerned.

On-the-job training is also an important part of different supported employment schemes. Such schemes seek to 'provide support to people with disabilities and other disadvantaged groups to secure and maintain employment in the open labour market'⁴⁹, in this manner merging education, vocational training and employment. In contrast to traditional vocational training settings, a supported employment scheme suggests first placing a person in a suitable job position, then offering training provided by trained job coaches. The training is related both to work-specific skills as well as broader topics such as management of work life.

There are three core principles that make up supported employment model: *paid work* (on same terms and conditions as non-disabled employees), *inclusion within the open labour market*, and *ongoing support* from a job coach. Sometimes supported employment companies are established by private actors or the state, sometimes – by social economy companies or associations of disabled people and their family members. Often the state foresees the regulation of supported employment conditions and finances this service.

To conclude, vocational training and especially supported employment are areas where social economy enterprises can be particularly relevant. Nevertheless, their success depends strongly on existing funds (usually coming from the public sector) and the general legal framework that supports their establishment and participation in existing vocational training and professional placement schemes.

In the following chapters we explore contextual/policy settings in five countries in relation to performance of employment models of persons with disabilities in social economy enterprises, including showcasing a case study on a specific enterprise in each country.

Supported employment

Incremental aspects associated with the model:

1. **Place** - priority is to find and place the job finder within an employment setting. Self-employment is explored where appropriate.
2. **Train** - once placed, the job seeker is supported to learn the job, this may include one-on-one support from a job coach. The job coach also helps with identifying and supporting the type of training that may be needed.
3. **Maintain** - once the worker is integrated in the employment setting, the job coach continues to support the individual and the employer to ensure the needs of both parties are met.
4. **Progress** - as part of the on-going support and maintenance of the job, the job coach supports the career progression of the job seeker.

Source: www.euse.org

⁴⁸ Davister, C., Defourny, J., Gregoire, O., 2004. 'Work Integration Social Enterprises in the European Union: An Overview of Existing Models'. WP no. 04/04. Emes Research Network.

⁴⁹ EUSE. 'Supported Employment explained. Identifying features'. Available at: <http://www.euse.org/index.php/resources/what-is-se>

3. Context and performance of employment models in five EU countries

In this chapter we overview existing models of employment and training for persons with disabilities in social economy enterprises in five selected EU countries – Belgium, Germany, Lithuania, Norway and Spain. The countries of focus were selected to have a variety of models overviewed as well as a mix in terms of performance as relates to employing persons with disabilities. The questions considered in each country as well as the specific organisation include the recurring questions in this research - job generation, training and financial sustainability.

3.1. Belgium

Responsibilities in the Belgian public employment system are shared between the federal and regional governments (Brussels, Flanders and Wallonia), also taking into account interests of different linguistic communities (French-speakers, Dutch-speakers and German speakers) in the country. The Belgian federal government is responsible for labour law and social security. The Belgian Federal Public Service Employment, Labour and Social Dialogue oversees federal administrative services on the labour market, such as regulation of the labour market.

Since 2012, Belgian regions hold responsibilities for vocational training, labour market policies for target groups and the majority of job-activating measures for unemployed people. Each of the regions has a separate public employment agency: VDAB for the Flemish Region; the Forem for the Walloon Region; and Actiris for the Brussels Region.

There is a similar fragmentation in terms of inclusion of persons with disabilities into the labour market. There are four organisations supporting employment of persons with disabilities, each catering to a different linguistic community:

- VAPH (Vlaams Agentschap voor Personen met een Handicap) caters to Flemish-speakers residing in the Flemish region and in the Brussels Region.
- SBFPH (Service Bruxellois Francophone des Personnes Handicapées) caters to French-speakers based in the Brussels Region.
- AWIPH (Agence Wallonne pour l'Intégration des Personnes Handicapées) caters to French-speakers based in the Walloon Region.
- DPB (Dienststelle für Personen mit Behinderung) caters to German-speakers residing in the Walloon Region.

Regional fragmentation is also visible in the understanding of what constitutes 'social economy' and 'social enterprise'. For example, the French-speaking regions (Wallonia and parts of Brussels) consider social enterprises as an entrepreneurial subset of the social economy, characterised as economic activities developed by associations, cooperatives, mutuals and foundations that are not aimed at profit maximisation⁵⁰. Meanwhile, social enterprises in Flanders historically tended to be restricted to the integration of disadvantaged workers on the labour market. However, the understanding of the concept has now widened and to include 'social entrepreneurial values' across various organisational forms and activity

⁵⁰ European Commission, 2016. 'Social enterprises and their eco-systems: A European mapping report. Updated country report: Belgium'. Available at: <https://ec.europa.eu/social/keyDocuments.jsp?advSearchKey=socenteco&mode=advancedSubmit&langId=en&search.x=0&search.y=0>

sectors. According to the Flemish government, the regions social economy sector employs more than 24,000 people from disadvantaged groups⁵¹. The 2018 budget for the social economy policy field amounted to EUR 486mn, about 1% of the total Flemish budget. The main line of funding – EUR 367.8mn – went to custom work companies as well as financing of sheltered workshops and social workplaces. A recent mapping study of social enterprises across the EU, commissioned by EC, attempts to group Belgian social enterprises based on the type of activity they engage in. There is a large subset of social enterprises that seek (in general terms) social inclusion through employment (see Table 4 below) by focussing on specific target groups.

Table 4. Types of WISEs in Belgian regions⁵².

Type of activities	Walloon Region	Brussels-Capital Region	Flanders Region
Work integration of disabled people	Entreprises de travail adapté (ETA, formerly 'Ateliers protégés')	Entreprises de travail adapté (ETA)	Beschutte werkplaatsen (BW) → 'Maatwerkbedrijven' as of January 1, 2019
On-the-job training of specific target groups	Entreprises de formation par le travail (EFT), as one type of 'CISP' (Centre d'insertion socioprofessionnelle)	Ateliers de formation par le travail (AFT)	Gespecialiseerd centrum voor opleiding, begeleiding en bemiddeling
Work integration of people in difficulty	Entreprises d'insertion (EI)	Entreprises d'insertion (EI)	Invoegbedrijven Maatwerkafdelingen
Work integration of people in difficulty and development of proximity services	Initiative de développement de l'emploi dans le secteur des services de proximité à finalité sociale (IDESS)	Initiative locale de développement de l'emploi (ILDE)	Lokale diensteneconomie (LDE)

Source: developed by authors based on European Commission, 2016⁵³.

In the discussion below we focus on the Flanders region (but provide some information on other regions where possible) and the type of social enterprises that specifically target persons with disability in terms of employment and training - sheltered workshops (Beschutte werkplaatsen), which became custom work companies as January 1, 2019⁵⁴.

Legislative and regulatory environment

Belgium has three levels of legislation: federal, regional and community. The 1963 Social Rehabilitation Act could be considered as a foundational piece of federal legislation governing disability and employment. It applies to both the private and public sectors.

In November 2016, the Belgian federal government adopted a new legislation on the '**reintegration journey for workers with long-term disability**'. The legislation seeks to facilitate continued employment of workers who have been ill for a long time, but have retained certain residual capacities. The legislation foresees an individualised evaluation, based on which the person can continue along three pathways: (1) return to work,

⁵¹ Flemish Government, 'What is social economy' Available at: <https://www.socialeconomie.be/wat-sociaal-ondernemen-0>

⁵² Note: the types of WISEs will change in the Flanders region from January 1, 2019 following the implementation of the reform.

⁵³ European Commission, 2016. Directorate-General for Employment, Social Affairs and Inclusion (2016): Mapping study on Social Enterprise Eco-systems – Updated Country report on Belgium.

⁵⁴ Decree of 12 July 2013 regarding customization with collective engagement (Maatwerk bij collectieve inschakeling).

if necessary after needed workplace adaptation (2) perform other work for the same employer, possibly temporarily; or (3) receive status of incapable to work⁵⁵.

Belgium also has a 3% quota for employing persons with disability in public sector organisations that have 20 or more employees. The same quota for the Flanders region is a bit lower – 2%. No such quote exists for the private sector, however. According to the representative of Groep Maatwerk, the quota requirements are generally not met⁵⁶.

Besides federal legislation, Community (Flemish, French, and German speakers) and regional-level (Flemish, Walloon and Brussels regions) legislation also informs inclusion of persons with disability in the labour market (see Table 5).

Table 5. Relevant legislation and regulations for labour market inclusion of persons with disability in social economy within Belgium.

Legislations and regulations	Relevance
Federal	
The 1963 Social Rehabilitation Act	Key federal legislation governing disability and employment. Applies to both the private and public sectors.
Belgium Law of 13 April 1995	Defines social enterprise as an entity that carries out activities that are aimed at pursuing a social goal. What constitutes a social goal results from constitutive elements foreseen by the legislation.
2007 Anti-Discrimination Law	<ul style="list-style-type: none"> - Defines and addresses direct and indirect discrimination. - Bans discrimination on the grounds of disability or health. - Regulates access to employment and employment conditions.
Decrees of 28 October 2016 and 8 November 2016 (both published in the Belgian State Gazette on 24 November 2016)	Introduces a compulsory reintegration procedure for employees on long-term disability leave who cannot perform their employment contract as agreed. The purpose of this procedure is to determine whether it is possible, on a temporary or permanent basis, to adapt the employee's position or to find other work for the employee within the company.
National Strategy for Wellbeing at Work 2016-2020	<ul style="list-style-type: none"> - Sets out key aspects and requirements regarding safety and well-being at work. - States that 'the right to work is a human right'.
Flanders	
Decision of the Flemish Government of 17 December 1999	Lays down the conditions for recognition of the sheltered workshops.
Decree of the Flemish Government of 15 December 2000	Concerns quality assurance in facilities for social integration of people with disabilities.
Decision by the Flemish Government of 24 December 2004 concerning measures to stimulate and support equal opportunities and diversity policy in the Flemish administration	Supports equal participation of several minority groups. Sets standards about the amount of employees with a disability etc.
Decree of 12 July 2013 regarding customization with collective engagement (Maatwerk bij collectieve inschakeling)	Defines and sets out requirements for the operation of custom work companies.
Decree of the Flemish Government of 1 July 2016	Amends various provisions of the Decree of the Flemish Government of 19 December 1996 concerning the regulation of wage subsidies and social security contributions of employees in sheltered workshops recognized by the Department of Work and Social Economy and the Decree of the

⁵⁵ Cairn Legal, 2017. 'News'. Available at: <https://www.cairnlegal.be/belgium-370000-long-term-disabled-workers-new-legislation-named-reintegration-journey-meant-allow-return-work-thats-impossible-permi/>

⁵⁶ Interview with the representative of Groep Maatwerk.

	Flemish Government of 17 December 1999 laying down the conditions for recognition of the sheltered workshops.
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Source: compiled by authors from various sources.

The Flemish administration has a specific Department of Work and Social Economy, which is responsible for coordination, development, monitoring and enforcement of the Flemish employment policy. It supports employment in the mainstream sector, the non-profit sector and the social economy in Flanders⁵⁷.

Employment model for persons with disabilities in Flanders: Custom work companies (Maatwerkbedrijven) (formerly Sheltered workshops - Beschutte werkplaatsen)

As per Flemish government legislation 'Customisation with collective engagement' (approved in 2013), sheltered workshops as of January 1, 2019 became custom work companies. The change is meant to simplify the provision of various support measures for companies in the social economy (more specifically the current sheltered and social workplaces) and to improve their coordination.

According to Article 79 of the Decree of 23 December 2005, 'persons who are recognized as disabled persons (i.e. those who have labour disability known as 'arbeidshandicap') by the Flemish Agency for Persons with Disabilities and who, because of the nature or severity of their disability, cannot perform professional activities under the ordinary employment conditions, can either work full-time or part-time in sheltered workshops'⁵⁸. Sheltered workshops were under the previous scheme private social economy companies holding a non-profit status with no requirements on the number/share of persons with disabilities employed there. Sheltered workshops cooperate with regular employers and other organisations that, when this is in line with the organization's and concerned individual's goals, help employees with an occupational disability move into the open labour market.

According to the new legislation, as of 2019, there will be two types of custom work companies:

1. **Custom work companies:** inclusion of persons within from the eligible target groups (persons with disabilities, people with a psycho-social weaknesses, economically vulnerable people etc.) into the labour market is the core mission. Such companies must adopt a non-profit or social purpose company status and have at least 65% of its workers (and at least 20 people) from disadvantaged target groups. Such companies must also meet certain quality requirements of transparency and management.
2. **Custom work departments:** regular (not social economy) enterprise that chooses to contribute to inclusion of persons within the target group into the regular labour market by setting up a custom-work department with at least 5 persons per annum. Companies with custom departments must also meet certain quality requirements of transparency and management and provide training and career guidance for the integration of individuals from the target group into the open labour market.

Both custom work companies and departments can cooperate with other public and private companies in order to ensure that persons with disabilities have an appropriate job for their individual needs. Situation where employees from custom work companies physically work in other locations/companies, but keep the

⁵⁷ Werk.be., 2018. 'Departement Werk en Sociale Economie zet in op alle talenten'. Available at: <https://www.werk.be/nieuws/departement-werk-en-sociale-economie-zet-op-alle-talenten>

⁵⁸ Etaamb.be. 'Decreet houdende bepalingen tot begeleiding van de begroting 2006'. Available at: http://www.etaamb.be/nl/decreet-van-23-december-2005_n2005036659.html

supervision of the workshop is referred to as 'in-house employment' or 'enclave operation'. Such arrangements can last for long periods as there is no enforced limit in terms of duration.

For an example of a custom work company, see the case study on Belgian social enterprise Waak at the end of this chapter. Below we provide information on incentive schemes, vocational training and employment services, social protection schemes, and job generation of custom work companies.

Incentives and schemes for fostering labour market inclusion

Table 6 below outlines the key incentives available for different types of social economy enterprises and employees in Belgium.

Table 6. Incentives and schemes fostering labour market inclusion of persons with disabilities within social economy.

Incentives for employers	Incentives for persons with disabilities
Flanders	
Sheltered workshops (until December 31, 2018)	
Fixed subsidy for employing a person with disabilities. This fee depends on the severity of the disability and is calculated by hour. In 2018, the subsidy was between EUR 8.72 and EUR 10.90 per working hour of persons with disability.	n/a
Partial wage subsidy for various support staff (Director, assistant director, job-coach, social assistant) etc.	n/a
Subsidy for training of persons with disabilities.	n/a
Custom work companies* (after January 1, 2019)	
Wage premium: ⁵⁹ the premium covering 40% to 75% of actual wage costs compensating for the lower work potential of target group employees.	Active support and guidance: a qualified supervisor coaches the target group employee on their daily tasks.
Guidance premium: compensation for guidance and competence building of target group employees (with a view to moving to the open labour market). The premium amount is based on the level of guidance, based on a three-level scheme.	Personal development plans: each target group employee has an annual personal development plan that serves as the basis for evaluation, which leads to annual adjustments.
Grants: in some cases, the Flemish government may provide a grant for the custom work company to cover the costs of workplace adaptation and organisation of social services according to individual needs.	Flow through programme: the programme aims to facilitate the transition of persons with disability into an open labour market. It offers a (1) qualitative and active guidance in the search for a suitable vacancy; and (2) guidance during one or more internships with a potential employer. The flow-through programs are supervised by recognized organizations that have experience with the high-quality involvement of target group employees in the regular labour market. n/a
Compensation for the 'flow through' programme: custom work companies and departments receive a compensatory payment covering the costs of engaging persons with disabilities in the 'flow through' programme.	

Source: compiled by authors from various sources.

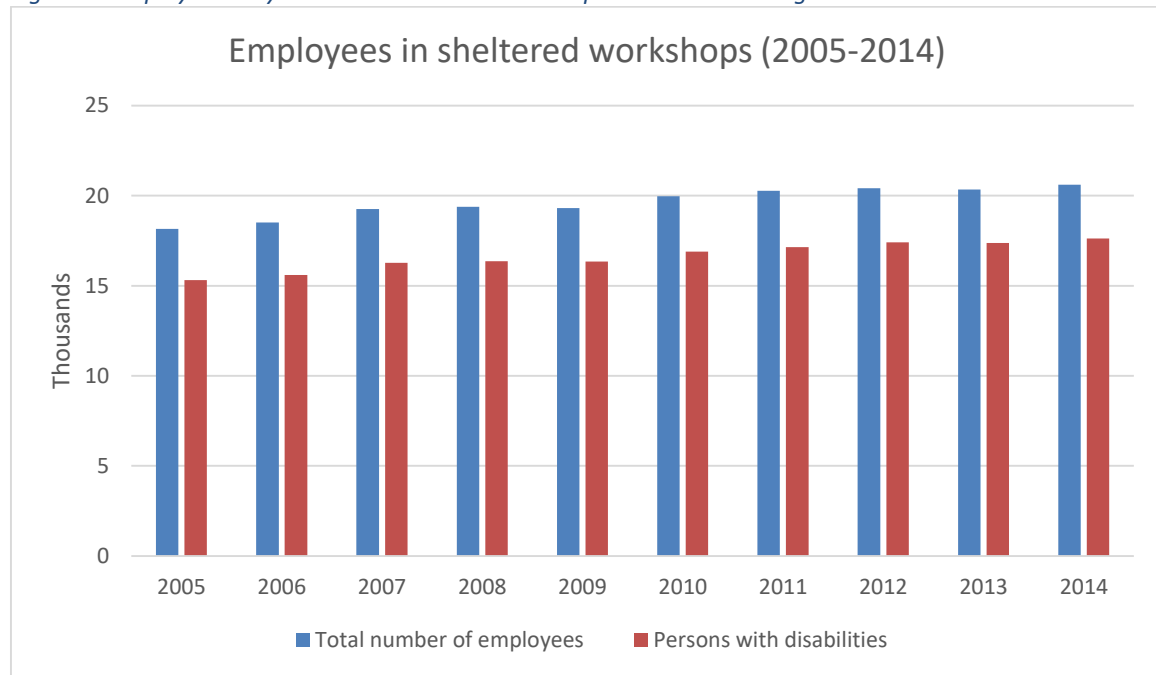
The Flemish Government determines the maximum number of employees that can be subsidized within the Flemish sheltered workshops. That number is currently set at 14,459 full-time equivalents.

⁵⁹ The Flemish Government determines the maximum number of employees that can be subsidized within the Flemish sheltered workshops. That number is currently set at 14,459 full-time equivalents.

Job generation

To speak specifically of sheltered workshops - at the end of 2018, there were 67 sheltered workshops in Belgium, which belonged to 49 different organisations⁶⁰. In total, they employed 20,615 people, of which 16,997 were persons with disability. Sheltered workshops employed significantly more men (10,031) than women (6,584) with disability. In terms of age distribution, around 27.6% of employees were aged 41-50 and 26.4% aged 51-60. Meanwhile, young employees aged 0-30 constituted around 21.9% of total.

Figure 8. Employment dynamics in sheltered workshops in Flanders during 2005-2014.



Source: *Socio-en financieel-economische analyse van de sector van de beschutte werkplaatsen in Vlaanderen—samenvatting, Boekjaar 2014.*

Statistics show that the total number of employees, including persons with disability, has been gradually rising during the period 2005-2014.

When looking at the 'enclave operations' (when a person with disability work in customer's location), there has been rising popularity as well. Statistics show that such operations constituted 15.3% of total hours worked in 2014, up from 7.6% in 2005. Most of enclave operations were carried out in other companies and only a minor fraction in other sheltered workshops.

In general, the transition rates from sheltered workshops into open labour market are very low and do not reach 1%. However, it is noteworthy that some persons with disabilities work in open labour market companies through 'enclave operations' for long-periods of time, which from the employee's perspective could be regarded as employment in the open labour market⁶¹.

Persons with disabilities employed in sheltered workshops hold regular employment contracts, including all social protection schemes available for regular employees. As a result, they are bound by general

⁶⁰ Interview with representative from Groep Maattwerk.

⁶¹ Interview with representative from Groep Maattwerk.

requirements for the minimum wage, working hours, holidays etc⁶². In addition, more specialised social protection schemes for persons with disabilities, such as disability benefits, apply.

Vocational training

In general, persons with disabilities in sheltered workshops receive on-the-job training, which is largely informal. Each sheltered workshop has personal assistants, who support and train employees on-the-job. Some training is also offered by Groep Maatwerk, an organisation uniting and representing the interests of WISEs in Flanders⁶³.

Financial sustainability

During 2014, all sheltered workshops operating in Flanders received a total income of EUR 621.3mn and posted a profit of nearly EUR 7.2mn. Sheltered workshops generated around 50.2% of their income from their economic activities, while subsidies and business grants accounted for 47.8% of the revenue. In terms of expenses, salaries, pensions and social security contributions was by far the largest category, accounting for around 75.6% of all expenditure⁶⁴.

While financial performance of individual sheltered workshops in Flanders may vary, as an overall category they remained profitable in 2012 and 2013, but experienced losses during 2012. When faced with financial difficulties, sheltered workshops can go bankrupt. In such cases, they are usually merged with other sheltered workshops⁶⁵.

When comparing sheltered workshops to regular Belgian enterprises, statistics show that the former group of companies have significantly lower net sales margins (1.2%) compared with the latter ones (3.6% as of 2013). Also, compared to the regular companies in Belgium, sheltered workshops have a lower profitability margin (4.9% vs 1.4% respectively)⁶⁶.

Belgium case study company: Waak

FACTBOX

- **Employment model:** custom work company (formerly sheltered workshop).
- **Mission/vision:** Provide customers with tailor-made solutions through the creation of adapted jobs for our employees with working disabilities. Sustainability, integrity, ethical and social code of conduct are very important in WAAK. Committed to Global Compact Standard of the UN and ILO labour convention for health and safety.
- **Year established:** 1965.
- **Legal type:** Private association without profit goal – Vereniging Zonder Winstoogmerk (VZW)
- **Governance model:** board of directors of 8 persons with different expertise including business, persons with disabilities, labour market, chosen by the association.
- **Principal area of activity:** supported employment.

⁶² Justel, consolidated legislation. Available at:

http://www.ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=nl&la=N&cn=1965040801&table_name=wet

⁶³ Groep Maatwerk, 'Opleidingsbrochure 2019'. Available at:

https://www.groepmaatwerk.be/sites/default/files/vormingsbrochure_gm_2019_digitaal_0.pdf

⁶⁴ Groep Maatwerk, 2014. 'Socio- and financial-economic analysis of the sector of sheltered workshops in Flanders'. Available at:

https://www.groepmaatwerk.be/sites/default/files/u3/socio_en_financieel_economische_studie_2014_samenvatting_met_voorblad.pdf

⁶⁵ Interview with representative from Groep Maatwerk.

⁶⁶ Groep Maatwerk, 2014. 'Socio- and financial-economic analysis of the sector of sheltered workshops in Flanders'. Available at:

https://www.groepmaatwerk.be/sites/default/files/u3/socio_en_financieel_economische_studie_2014_samenvatting_met_voorblad.pdf

- **Geographic scope of operations:** staff comes from Kortrijk city/region – of around 80,000 people; whereas the geographic scope for Waak's products extends to all of Western Europe.
- **Total number of employees/participants (PWDs):** 1550 persons with disabilities.
- **Total number of support staff:** 400.
- **Annual revenue:** 66mn euros (2/3 is turnover; 1/3 subsidies).
- **Membership in associations** (national or international) – many, as partnership is a principle of work at Waak. The main ones are: Flemish Federation – Groep Maatwerk & Homabilis – international association of sheltered workshops of France, Portugal, Italy, Netherlands, Germany, Belgium and Austria, which works on benchmarking.

EMPLOYMENT	
Target group	Persons with any distance to the open labour market – most medically disabled and people with an IQ of less than 65.
Nature of work (means for achieving the aim)	<ul style="list-style-type: none"> - Metal and assembly. - Electrical wiring systems. - Conditioning & logistics. - Landscaping & cleaning. - InHouse – teams with coach on Waak payroll working onsite for the clients.
Differentiation due to degree of disability	The 5 different activity areas give Waak the possibility to most closely match persons with disabilities to work corresponding to their capabilities – the physically weaker persons may engage for example in packaging small goods, intellectually less advanced can be in landscaping.
Changes in the number of employees	Waak grew considerably for the last two years. Prior to 2016, for about 10 years the number was stable.
Long-term or transitional employment	Aimed at long-term employment.
Type of contracts	Regular contract and salary from entry, meaning from the start of training. State subsidy compensates per employed person the corresponding lack of productivity.
Mechanisms and incentives facilitating the transition of persons with disabilities into the "open labour market"	At Waak it is important to see if there are people with abilities to go to the open labour market. People working in the Inhouse groups are essentially in the open labour market, by working in regular companies while on Waak's payroll. Waak has a case worker – someone who looks for opportunities to match persons with small enough distance to the labour market in other companies and facilitates such transitions, including through coaching after such transitions are made. This is not part of the core activities (supported productive employment) so not many people make this transition.
Support from state	Support is attached to persons with disabilities themselves – so a basket/package principle. There are two components: lack of productivity compensation and need for coaching. Waak gets the subsidy when it effectively hires a person with a corresponding package.
Effectiveness of inclusion model	<p>Good model because people have to earn their living, normal salary. And Waak is partly compensated.</p> <p>Some people say sheltered work is not inclusion; but for Waak it is - their staff is in the real economy, create real added value, their customers and suppliers are regular companies, so persons with disabilities are well included/integrated in society this way.</p>
TRAINING	

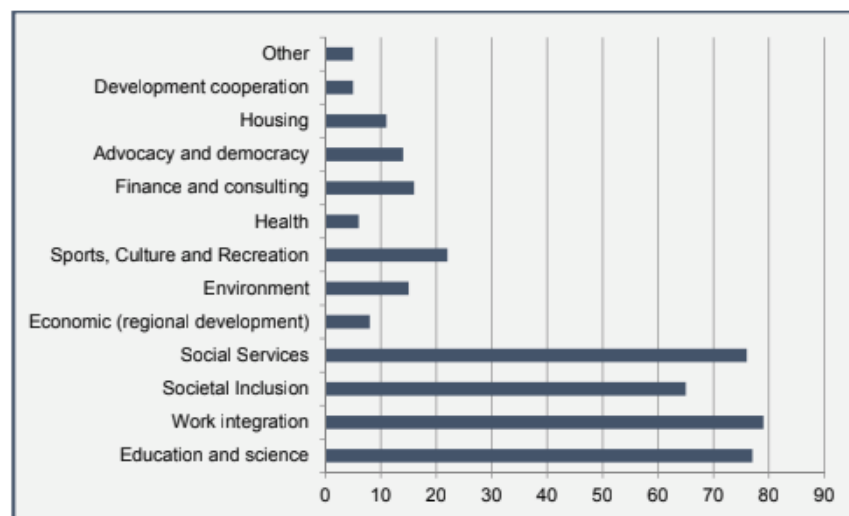
Work-related training: nature, length, any other important aspects	Starting from entry, people start at the training centre – this is already a productive unit of Waak, however one with additional coaches and with procedures for screening, assessment, ‘warming up’ to productive work. Upon entry people spend a few months in this training centre, and then continue training on the job with coaches/instructors who are on the workforce.
Who trains employees	Mostly internal coaches as this is part of Waak’s core activities. As needed, the company also relies on external training centres.
Recognition of training	No formal recognition through certificate or similar as this is not part of Waak’s core activities.
Utility/effectiveness of training beyond employment in the company	<p>- At the beginning, persons with disabilities who take on work have a large the distance to the labour market. This distance becomes diminished through so-called ‘warm-up’ – learning the discipline associated with organized work: coming on time every day, following instructions, learning the work – without this there would be no real employment otherwise.</p> <p>- Whether or not this would be enough for the open labour market – yes and no – those who go to the labour market – they have a good success ratio, but only a few people have a path to the open labour market.</p>
SUSTAINABILITY	
Profitability	2017 was a very good year. If to consider the horizon of 10 years – Waak was usually at break-even point or with a little profitability. Profits are reinvested into the company.
State support	Productivity compensation subsidy is the main form of support and constitutes 1/3 share of overall revenue (the rest being turnover). For Waak, given the openness to persons with so to speak a long distance from the open labour market, the wage subsidy (amounting to around EUR 22mn per year) is essential for covering the cost of catering to employment of persons with disabilities.
Key challenges	People who come to Waak for a job each year are weaker and weaker – the distance to normal work is increasingly big and takes more patience, training to reach a productive level, this is partly due to changed rules in the government, but also because of the economic situation and the possibility to hire more and more people, so many are further removed from the labour market. It is therefore increasingly difficult to adapt the work to the limitations of staff.
IMPACT	
Success in realizing the company’s mission	Waak is one of the three biggest sheltered workplaces in Flanders and growing. Most of the people in the region that are able to work, work with them. Waak is known in the sector as a company more than their counterparts. The company gives up a big part of its profit to do more for the people with the biggest disabilities and are proud of that.
The biggest achievements to date	Waak’s inclusion model is integrated beyond the sheltered workshop. It has a social workshop and an organization for care. The company’s biggest achievement is that it is looking at the full continuum of people with disabilities ranging from those not far removed from the labour market to those for whom productive work is very challenging. Importantly, the company also considers options for those in the middle ground – persons who need half care, half work. The current model provides alternatives for all these groups.
Success stories	Waak is economically quite dependent, and a lot of their activities are unstable or seasonal, which requires flexibility. There are a lot of people doing different jobs during the year based on seasonal shifts. For example – landscaping in summer, metal in winter – this requires considerable effort and Waak is proud to successfully use the workforce on hand for different activities based on demand. In 2017, 800 employees went on a temporary exchange to Denmark that was good for the sustainability of Waak’s operations.

Organisational needs for further development/growth	<p>There are a lot of opportunities in technology and innovation that creates possibilities to make complex work easier/accessible for people with a big distance to the labour market. Waak does some investment into such technologies, but want to do it more. There are so many challenges but also opportunities to do more for the weaker people. There is a need for money, time, and with that Waak can do even better in the future.</p>
Comments/suggestions	<ul style="list-style-type: none"> - Waak is quite happy that the Flanders government has chosen a rather market-driven social economy model. Proud to be social and economic at the same time – with customers and clients that are regular companies. Proud that value is created by persons with disability, it is not like charitable work. - This model has been operating for 30-40 years. Currently, a lot of things are getting changed, but principles are the same. While the uncertainty or enterprises that changes in legislation represent is not a great thing, it probably should not affect much the model and operations at Waak.

3.2. Germany

A formal definition of social entrepreneurship and/or social enterprises is yet to be adopted in Germany, and different conceptual frameworks and delimitations related to the concept are used among various stakeholders, including academics, policymakers and the general public. Given the unclear definition and limited public policies, statistics on German social enterprises are scarce. According to a recent European Commission's mapping report, there are around 40,000-70,000 social enterprises in Germany, but this figure varies greatly according to the source and definition⁶⁷. Most of social enterprises in Germany act in the field of education, work integration, societal inclusion, and social services⁶⁸ (see Figure 9).

Figure 9. Areas of social enterprises in Germany are active in (N=239).



Source: Jansen et al, 2014.

The German employment system puts a considerable emphasis on the integration of persons with disability into the open labour market. One of the key measures in this area is the quota system, which requires private or public companies with more than 20 employees to employ at least 5% of persons with disabilities. If the quota is not fulfilled, the companies must pay an equalisation fee, which ranges from EUR 125 to EUR 320 per person per year (as of late 2018).

Legislative and regulatory environment

Germany does not have specific legislation for social enterprises. A related concept is the 'public benefit' status of companies/organisations (gGmbH) that recognises organisations that have a social mission and strict limits on profit distribution (although no governance criteria). This status can be awarded to organisations running under various legal forms. Usually, social economy enterprises include cooperatives with a social purpose (i.e. housing cooperatives), certain type of operational foundations, volunteer agencies or associations with commercial activities.

Error! Reference source not found. lists the main legislation and regulations for the persons with disability in terms of employment in social economy organisations.

Table 7. Relevant legislation and regulations for the inclusion of persons with disability in labour market within social economy.

Legislation and regulation	Relevance
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⁶⁷ European Commission, 2016. 'Social Enterprises and their Eco-systems: Developments in Europe'. Available at: <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7934&furtherPubs=yes>

⁶⁸ Stephan J. A., Heinze R., Beckmann, M. eds., 2013. 'Sozialunternehmen in Deutschland'. Springer: Wiesbaden.

Code of Social Law II (Sozialgesetzbuch II): Basic provisions for job-seekers	- Defines the ability to work under the conditions of the open labour market (i.e. when severely disabled persons are not able to work for 3 hours or more) (paragraph 8).
Code of Social Law IX (Sozialgesetzbuch IX): Integration and Rehabilitation of Disabled People	<ul style="list-style-type: none"> - Provides a definition of disability (paragraph 2). - Defines the concept of supported employment (paragraph 55). - Define the employment obligations (quota system) for people with disabilities. Employers with more than 20 employees are obliged to employ at least 5 % of their staff persons with disability (paragraphs 154-160). - If employers do not employ at least 5% of persons with disabilities, they have to pay an equalisation fee. - Defines the concept of reasonable accommodation (paragraph 81). - Define the concepts of Integration Offices and Integration services (paragraphs 163-175). - Sets out general aspects and requirements for inclusion enterprises (paragraphs 215-218). - Sets out general aspects and requirements for workshops for persons with disabilities (219-227).
Code of Social Law XII – Welfare State	- Ensures that persons with a disability will have the possibility to participate in a labour market (paragraph 8).
Disability Equality Act (2002) and General Equality Act (2006)	- Guarantees equal opportunities for people with disabilities and protects against discrimination.
The severely handicapped act (=SchwbAV)	<ul style="list-style-type: none"> - Guarantees the opportunity to work for persons with severe disability; - Guarantees the subsidies for workplace adaption and a lower rate of work performances (paragraph 26).
Workshop regulation (Werkstättenverordnung)	- Provides specific regulations of all aspects relevant to the operation of workshops.
Workshop Cooperation Regulation	- Provides specific regulations of all aspects relevant to the self-representation of the people with disabilities in sheltered workshops by workshop councils and women councils.

Source: compiled by authors based on various sources.

Employment models for persons with disabilities in Germany: inclusive enterprises and workshops for persons with disabilities

Looking more specifically at German social economy enterprises, there are two main types of organisations that predominantly seek integration of disadvantaged groups (including persons with disabilities) into the labour market: inclusive enterprises (*Inclusionsbetriebe*) and workshops for persons with disability (*Werkstätten für behinderte Menschen*)⁶⁹. We present each of the models below.

Inclusive enterprises

Inclusive enterprises (*Inclusionsbetriebe*) are legally and economically independent companies holding a special social mandate. There is no specific legal status for such companies and they may be for-profit or non-profit. They offer qualification opportunities and regular jobs for people with disabilities. They target severely disabled people whose professional participation is particularly difficult due to the nature and severity of their disability or other circumstances. According to the German Social Code, such enterprises must employ at least 30% of severely disabled persons, but this proportion should not exceed 50% of all employees in that company. Inclusive enterprises offer employment, occupational health promotion and on-the-job assistance services, including continuing vocational training. Employment in an inclusive enterprise can prepare a person for transition to other jobs in the open labour market.

⁶⁹ The term sheltered workshop is not used anymore in order to show, that these facilities do not consider themselves as protecting or sheltering. Such organisations are usually called as 'workshops for people with disabilities'.

Incentive schemes

Table 8 below identifies and briefly describes some of the key financial and non-financial incentives that are available for inclusive enterprises and persons with disabilities employed by them.

Table 8. Incentive schemes and support measures for inclusive enterprises and persons with disabilities employed by them.

Incentives for employers	Incentives for persons with disabilities
Inclusive enterprises	
Financial support for construction, expansion, modernization and equipment services ⁷⁰ .	Technical work aids needed to fulfil professional duties, specially tailored to the needs of the severely disabled employees.
Investment in creation of new jobs and apprenticeship places.	Work assistance for severely disabled employees with special needs for support.
Workplace and work environment adaptation , including technical equipment.	Sign language and text interpreters , for example, in discussions with the representatives of the disabled, in termination negotiations or as in-house qualification measures.
Employers can receive financial support for vocational training for employees with disabilities. This support consists of grants up to 60-80% of vocational training costs for persons with disabilities. They can also receive premiums and contributions towards the cost of vocational training of disabled adolescents and young adult.	Continuing professional education to maintain or develop professional knowledge.
Integration Offices include a Technical Advisory Service , which can advise employers and severely disabled persons on all technical and organizational issues and develop solutions in cooperation with them.	Funds for the purchasing a vehicle if it is necessary to reach the place of work or training, additional equipment required for reasons of disability and - depending on income – support for the acquisition of a driving license ⁷¹ .
Inclusive enterprises are eligible for reduced VAT from 19% to 7% as per § 12 (8a) Steuersätze of the Value Added Tax Act (Umsatzsteuergesetz) (UStG) in connection to § 65-68 of the Tax Code (Abgabenordnung).	The Integration Offices include a technical advisory services , which can advise employers and severely disabled persons on all technical and organizational issues and develop solutions in cooperation with them.
Beschäftigungssicherungszuschuss ⁷² : employers can receive an employment security subsidy as financial support from the Integration Office to offset considerably lower productivity of severely disabled persons. The subsidy is usually granted for a maximum period of two years, but may be renewed. The subsidy differs by sector and region. The subsidy should not exceed 50% of the gross annual income including the employer's contribution to social security and paid capital contributions. The subsidy also applies in cases when the concerned employee is on leave, e.g. due to sickness or holiday, if the employer pays wages during this time.	The main support options include: <ol style="list-style-type: none"> 1. Finding suitable jobs for the severely disabled. 2. Make jobs disability-friendly. 3. Assist in the dismissal protection procedure, examine the possibility of continued employment Business advice, and special effort, using the countervailing charge.

Source: compiled by authors from various sources.

⁷⁰ Code of Social Law IX (Sozialgesetzbuch IX): Integration and Rehabilitation of Disabled People. Available at: https://www.gesetze-im-internet.de/sgb_9_2018/BJNR323410016.html#BJNR323410016BJNG004200000

⁷¹ BIH Integrationsämter. 'Finanzielle Leistungen an Arbeitnehmer'. Available at: <https://www.integrationsaemter.de/Leistungen-An-Arbeitnehmer/508c/index.html>

⁷² Betanet, Beschäftigungssicherungszuschuss. Available at: https://www.betanet.de/beschaeftigungssicherungszuschuss-minderleistungsausgleich.html?fbclid=IwAR3xzmxD8Moc9Q-K45_FT432iU3XCK-tpiU3A4Bx7nW1Zf4rbYO26INpZUw

Job generation

The number of inclusive enterprises in Germany has been rising rapidly during the past decade. According to data from the Association of Inclusive Enterprises (Die Bundesarbeitsgemeinschaft Inklusionsfirmen e.V., (BAG IF)), there were 365 such enterprises in Germany at the end of 2003 and their number has increased to 895 by 2017 (see Table 9). Accordingly, the number of persons with disabilities employed by inclusive enterprises increased sharply as well. In 2017, such enterprises employed 27,727 individuals, up from 15,400 in 2003. Persons with severe disabilities constitute around 41% of all employed persons in inclusive enterprises⁷³.

Table 9. Employment trends in German inclusive enterprises.

Indicator	Figure
Persons with disability (total) (2017)	7.8mn
Working-age persons with disability (total) (2017)	3,2mn
Inclusive enterprises	
Employed persons with disability in inclusive enterprises (total) (2017)	27,727
Total number of inclusive enterprises (2017)	895

Source: Bundesarbeitsgemeinschaft Inklusionsfirmen (BAG IF).

It is important to note that the geographic distribution of inclusive enterprises is very unequal across Germany, depending on the support provided at the regional (Land) level. With regards to economic sector, such enterprises are engaged in various activities, with the most popular ones being restaurants and catering (17% of total), handicrafts (13% of total) and facility management (12% of total).

Persons with disabilities employed in inclusive enterprises hold a status of an 'employee'. Therefore, all social protection schemes available for employed persons on the German labour market apply.

Vocational training

Inclusive enterprises provide only on-the-job training, which is not formal. Participants undergo relatively short training courses that are needed to carry out specific work tasks.

Financial sustainability

The budget for inclusive enterprises in 2016 totalled EUR 82.5mn, EUR 3.7mn more than in 2015. Around EUR 70mn (85% of total) was used as compensation for employers, EUR 10.5 million was invested in construction, expansion, modernization and equipping of jobs and EUR 1.9 million in business consultancy for the enterprises⁷⁴. So far, inclusive enterprises have been mostly financially supported by Germany's Integration Offices, however, there is potential for them to become more self-sustainable in the near future⁷⁵.

Workshops for persons with disabilities

⁷³ Die Bundesarbeitsgemeinschaft Inklusionsfirmen (BAG IF). Available at: <https://www.bag-if.de/integrationsunternehmen-in-zahlen/>

⁷⁴ Rehadat Statistik. 'Inklusionsbetriebe (oder Inklusionsfirmen)'. Available at: <https://www.rehadat-statistik.de/de/berufliche-teilhabe/Inklusionsbetriebe/index.html>

⁷⁵ BIH Bundesarbeitsgemeinschaft der Integrationsämter und Hauptfürsorgestellen, BIH-Jahresbericht 2017/2018. Available at: https://www.integrationsaemter.de/files/11/BIH_Jahresbericht_2016_2017_barrierefrei_korrigiert.pdf

Workshops for persons with disabilities (*Werkstätten für behinderte Menschen*)⁷⁶ are specialized institutions providing vocational rehabilitation services to enable persons with severe disabilities to participate in the labour market⁷⁷. In most cases, they are private institutions dedicated to persons with disabilities who have not (yet) or cannot be re-employed in the open labour market because of the nature or severity of the disability. Such workshops are open to disabled people who are not able to perform more than three hours of work under standard working conditions due to the nature of their disability. At the same time, there has to be a reasonable expectation that participation in specific support measures, such as broad VET and job opportunities, could allow them to engage in at least a minimum amount of economically viable work as a result.

Incentives and schemes aimed at fostering labour market inclusion

Error! Reference source not found. below identifies and briefly describes some of the key financial and non-financial incentives that are available for workshops for persons with disabilities and their users.

Table 10. Incentives and schemes fostering labour market inclusion of persons with disabilities in German workshops for persons with disabilities.

Incentives for employers	Incentives for persons with disabilities
Reimbursement per workshop user. Reimbursements depend on the degree of disability. Generally, the rates are set once per year following the negotiation between the sheltered employer and the regional agency of public assistance.	Remuneration for workshop users. The remuneration is financed from income that sheltered workshops derive from their economic activities. Workshops for persons with disabilities must pay out as remuneration to workshop participants at least 70% of the income derived from economic activities.
Financial support for buildings and technical equipment. Such support is provided for employers that can prove the need and significance of the needed investment.	Persons with disabilities in sheltered workshops receive financial support for their livelihoods such as residential allowances and basic social security benefits.
'Budget for Work' is a special federal support scheme that exists as a legal service since January 2018. It is aimed at persons with disabilities who are entitled to benefits in any of the workshops for disabled people (WfbM) as well as those who are offered a social insurance-related employment contract in the open labour market. In addition to a wage subsidy to employers in the open labour market, the budget includes expenses for the disability-related required guidance and support of the disabled employee in the workplace. This support can be provided by sheltered workshops in order to avoid the negative effects of losing the familiar support system, which often leads to failure.	Persons with disabilities in sheltered workshops also receive state support for additional medical rehabilitation from health insurance and, if needed, costs of accommodation and heating.
	Persons with disability that have been using workshops for persons with disabilities for at least 20 years receive a disability pension . The pensions constitute 80% of the average wage in Germany.
	Persons with disability seeking a job in the open labour market can receive additional support . For example, an employer can get financial support for employing a person with disabilities, who previously worked in a sheltered workshop.
	Support for transportation , such as costs of transportation and training for a person with disabilities to use public transport.

Source: compiled by authors from various sources.

⁷⁶ The term sheltered workshop is not used anymore in order to show, that these facilities do not consider themselves as protecting or sheltering. Such organisations are usually called as 'workshops for people with disabilities'.

⁷⁷ BAG WfbM, 2018. 'The system and services of sheltered workshops in Germany'. Available at: http://easped.eu/sites/default/files/sites/default/files/News/handout_the_system_and_services_of_sheltered_workshops_in_germany.pdf

Job generation

There is an estimated 750 workshops for persons with disabilities in Germany, which provide services in more than 2,750 locations. More than 90% of workshops are members of the German association of workshops for persons with disabilities (Die Bundesarbeitsgemeinschaft Werkstätten für behinderte Menschen (BAG WfbM)). According to the association, its members provide services to around 310,000 persons per annum. The workshops mostly cater to people with cognitive/intellectual disabilities (around 75% of total) and psychological disabilities (around 21% of total). Meanwhile, persons with physical disabilities constitute just around 3% of workshop users.

Table 11. Employment figures in German workshops for persons with disabilities.

Indicator	Figure
Persons with disability (total) (2017)	7.8mn
Working-age persons with disability (total) (2017)	3.2mn
Sheltered workshops	
Workshop users (total) (2017)	310,000
Of which:	
- in the vocational education scheme	30,000
- in the department of work	280,000
Total number of sheltered workshops	Around 750

Source: BAG WfbM.

While workshops for persons with disabilities are obliged by law to support every user in their professional development with the ultimate aim to transition into the open labour market, the actual rate of transitions is very low⁷⁸. Data from 2008 shows that only 0.2% of sheltered employment users successfully transitioned to the open labour market⁷⁹. A more recent study from 2015 estimated that about 1% of approximately 290,000 workshop participants found employment in the open labour market after sheltered work⁸⁰.

When considering social protection of persons with disability in sheltered workshops, it is important to note that workshop participants do not hold the status of employee, despite having an employee-like relationship with the workshop provider. As a result, persons with disability in sheltered workshops do not get an official salary, but rather a remuneration paid by the workshop provider based on the rates set by the federal government. As of 2014, the remuneration rate was rather low – at around EUR 181⁸¹ per month (in addition to remuneration for living and other expenses, see incentives for employees in Table 10). The minimum monthly wage is not applied in this case as workshop users are not officially employees.

Vocational training

⁷⁸ BAG WfbM, 2018. 'The system and services of sheltered workshops in Germany'. Available at: http://easpd.eu/sites/default/files/sites/default/files/News/handout_the_system_and_services_of_sheltered_workshops_in_germany.pdf

⁷⁹ Doose, S. 2012. 'Are we Walking Towards Integrated Employment? A Perspective from Europe Supported employment in Germany'. Journal of Vocational Rehabilitation, vol. 37, no. 3, pp. 195-202, 2012

⁸⁰ ARD, 2015. 'Chancen für Behinderte auf dem Arbeitsmarkt'. Available at: https://www.planet-wissen.de/gesellschaft/behinderungen/inklusion/pwieinklusioninderarbeitswelt100.html?fbclid=IwAR2t8GRWW2DWZKvIXvc_9U0cEQOYC9hd8wP3Id63LLccvI_ipvJ4ddmDx4A#Behindertenwerkstatt

⁸¹ German Institute of Human Rights, 'Inclusive labour market instead of separate structures'. Available at: <https://www.institut-fuer-menschenrechte.de/en/national-crpd-monitoring-mechanism/state-party-review-2018-2020/views-of-the-national-crpd-monitoring-mechanism/sheltered-workshops/>

Vocational training constitutes an important part of services provided in such workshops. Usually, workshop users start vocational training right after the entry procedure. The training generally takes up to two years. Persons with disability enter individualised training programmes – depending on the type of disability and individual needs – that aim to develop and enhance their ability to work either in sheltered employment or the open labour market. In addition to work-related skills, participants receive training on various practical life skills. Following the completion of the programme, participants can get certification showing potential employers the type of training completed⁸².

Financial sustainability

It is important to note that workshops for persons with disabilities in Germany cannot finance themselves. At least 70% of their commercial revenue must be paid to the workshop users. The remaining 30% can be used as reserves, but may not exceed the cost of all its staff for a period of 6 months. As such, such workshops are heavily dependent on the state.

A European Parliament study carried out in 2015 found that workshops for persons with disabilities in Germany were effective at achieving the objective of providing employment for disabled individuals. However, the value created from workshop employment in terms of productive output was outweighed by the costs of its operation. As a result, they were not cost-beneficial strictly from the economic perspective⁸³. Nonetheless, BAG WfbM assessed the Social Return on Investment (SROI) in 26 of its member organisations and found that these workshops generated net benefit for the state, giving a return of around 108% for each euro invested⁸⁴.

Germany case study company: Werkstätten Wiesbaden-Rheingau-Taunus

FACTBOX

- **Employment model:** the company represents both models – workshops for persons with disabilities and inclusive enterprises (Germany).
- **Mission/vision:** Providing work for mentally disabled people. Innovation – focus on abilities.
- **Year established:** 1973.
- **Legal type:** private non-profit representing seven members: five workshops and two subsidiaries – one inclusion company and one job services company.
- **Principal area of activity:** supported employment services.
- **Geographic scope of operations:** Wiesbaden-Rheingau-Taunus-Kreis regions in Germany.
- **Annual revenue:** EUR 18mn (90% public funding).
- **Total number of employees/participants (PWDs):** 800.
- **Total number of support staff:** 200.
- **Turnover of commercial activities:** EUR 1.5mn (of which 70% must be paid out as wages).
- **Membership in associations (national or international):** 'Landesarbeitsgemeinschaft der Werkstätten für behinderte Menschen e. V' and 'Bundesarbeitsgemeinschaft der Werkstätten für behinderte Menschen e. V'.

EMPLOYMENT

⁸² BAG WfbM, 2018. 'The system and services of sheltered workshops in Germany'. Available at:

http://easpd.eu/sites/default/files/sites/default/files/News/handout_the_system_and_services_of_sheltered_workshops_in_germany.pdf

⁸³ European Parliament, 2015. 'Reasonable Accommodation and Sheltered Workshops for People with Disabilities: Costs and Returns of Investments'. Available at:

http://www.europarl.europa.eu/RegData/etudes/STUD/2015/536295/IPOL_STU%282015%29536295_EN.pdf

⁸⁴ BAG WfbM. The Social Return on Investment. Available at: https://www.bagwfbm.de/page/sroi_allgemein

Target group	Persons with intellectual disability. The association targets persons with considerable difficulties to find jobs in the open market economy.
Nature of work	The scope of our activities includes the following areas: <ul style="list-style-type: none"> - Own printing & paper processing - Wood and metal workshop - Bottle washer - Ceramics workshop - Atelier - IT services - Order registration - Assembly and packaging - Gastronomy
Differentiation due to the level of disability	Within the first three months since a person enters the association, the responsible personnel evaluates their performance and finds the best fitting working task for every specific person. This is based on an individual approach. In some cases, workshop users are offered a regular job in a daughter company, or a specific task in one of the workshops.
Changes in number of employees	The number of employees/workshop users has been growing. Nevertheless, the general tendency in Germany is opposite due to changes in the logic of employment assistance, which becomes more and more oriented towards integration into the open labour market.
Long-term or transitional employment	Rather long-term employment. Nevertheless, opportunities exist to switch between different workshops. Supported employment services are also offered. In 2018, two people transitioned to the open labour market.
Type of contracts	<ul style="list-style-type: none"> - In workshops for persons with disabilities, workshop users receive remuneration and benefits that amount to at least statutory minimum wage. However, they do not hold regular employment contracts. - PWDs in the inclusion company hold specific contracts entitling them to (at least) statutory minimum wage.
Mechanisms and incentives facilitating the transition of persons with disabilities into the 'open labour market'	<ul style="list-style-type: none"> - Provides supported employment services according to the capacities and necessities of the employee. - A new law (the so-called right of return law (Rückkehrrecht)), which came into force in 01/01/2018, facilitates the return of people to the sheltered work environment from the open labour market in case of necessity. It is expected that this will help more people to be incentivized to attempt for transfer.
Comments/suggestions	<ul style="list-style-type: none"> - Peculiarities of the association: working with the most disadvantaged people makes the association more focused on creating work places than fostering transition. - Innovative approach to work and financial sustainability - thinking about the applicability of their expertise for other groups struggling on the labour market. - Employee-centered approach, adapting the offer to the case of each worker (services ranging from day centres to sheltered workshops, integration enterprises or supported employment).
TRAINING	
Work-related training: nature, length, any other important aspects	The company offers a three months test phase for all persons with disabilities with the aim to identify the appropriate work environment for them (this can be a field of the workshop or an external job in the mainstream labour market). Appropriate support measures and career prospects are recorded in an inclusion plan . This serves as the basis for further vocational qualification in the subsequent years of education, which consist of a practical part and an accompanying theoretical part.
Who trains the employees	All training is provided by the company's staff.
Recognition of training	There is an internal certificate of completion, which documents the acquired and developed skills and abilities. However, there is no general applicable certificate approved by public institutions.

Comments/suggestions	<ul style="list-style-type: none"> - Formally recognized training certificates would be important to facilitate transition into the open labour market or at least another workshop or inclusion company. - Efficient training - the workshops/inclusion companies should not only be recipients of state support and policies but participate in drafting them.
SUSTAINABILITY	
Profitability	The workshop is a non-profit organization.
State support	Around 90% of revenue comes from state subsidies support and around 10% are derived from own commercial activities. As a result, the workshop would not survive without state support. The most important form of state support is called 'Leistungsentgelte': a support measure for every person depending on his or her assistance needs. Moreover, each applicant to the organization comes with official financing from the state (see Table 10).
IMPACT	
Success in realizing the company's mission	The company considers itself successful in implementing its mission as it helps and supports people with disabilities to have a self-determined life. It assists them in providing tasks and responsibilities and enables them to make their contribution to society.
The biggest achievements	The biggest achievement is to make people feel proud and needed for more than 45 years.
Story of success	A young man got a job at a horse-riding school after completing an internship at the company. He was accompanied by the company's subsidiary GID, a special integration service (<i>Integrationsfachdienst</i>), which supports transition into the open labour market.
Organisational needs for further development/growth	The company feels the need to be more present in public forums and get connected with the people. Networking and cooperating with other organizations of disabled and non-disabled people would help it to better realise their mission.

3.3. Lithuania

The development social economy in Lithuania is still in its infancy. The concept of social entrepreneurship was first adopted by the Ministry of Economy only in April, 2015⁸⁵. Until then, social entrepreneurship did not exist in national legislation. The 2015 document defines social economy as ‘a national economy sector creating social and economic value by seeking to meet the social and human needs that are not met by the private and public sectors’. However, there have been very few developments with regards to social economy during the past few years. As of late 2018, the Law on Support for Social Business Development was still under consideration in the Lithuanian parliament. If adopted, this law would set out more specific regulation and support for social economy organisations in the country. Given the underdeveloped legislative ecosystem for social economy enterprises, activities of such organisations are also very limited. Moreover, there are no reliable statistics on how many such organisations exist and what their fields of activity are.

Until recently, social enterprises – regulated by the Law on Social Enterprises – have been the closest concept with regards to social economy organisations in Lithuania, as defined by the European Commission (see section 2.1). However, it must be noted that Lithuanian social enterprises, as defined by law, do not have any restrictions in terms of profit redistribution or form of governance. Nonetheless, they represent the only employment model for the inclusion of persons with disabilities into the labour market aside from regular enterprises. The regulation of such social enterprises falls within the remit of the Ministry of Economy and the Ministry of Social Security and Labour (SADM).

Legislative and regulatory environment

Adopted in 2004, the Law on Social Enterprises is the key legislation setting objectives, activities and state support for such companies for employing persons with disabilities. Other legislation, such as the Law on Employment Support, Law on Social Integration of Disabled People and Law on Equal Opportunities, are also relevant as they regulate various aspects of inclusion of persons with disabilities into the labour market, but they are not specific to social enterprises.

Table 12 below lists and briefly describes the most relevant legislation and regulation concerning the inclusion of persons with disability.

Table 12. Relevant legislation and regulation for the inclusion of persons with disability in labour market within social economy in Lithuania.

Legislation and regulation	Relevance
Law on Employment Support	<ul style="list-style-type: none">- Identifies persons with disabilities as a target group that is entitled for additional support on the labour market.- Sets the subsidy levels for creation of new job places persons with disabilities.
Law on Social Integration of Disabled People	<ul style="list-style-type: none">- Seeks to ensure disabled people’s equal rights and opportunities in society.- Determines preconditions and conditions of the social integration system, sets responsible institutions and sets incapacity to work levels, professional rehabilitation services, and special needs.- This law pays particular attention to professional rehabilitation.

⁸⁵ Lietuvos Respublikos Seimas. ‘Lietuvos Respublikos ūkio ministro 2015 m. balandžio 3 d. įsakymas Nr. 4-207 ‘Dėl Socialinio verslo koncepcijos patvirtinimo’ (TAR, 2015-04-03, Nr. 2015-05148)’. Available at: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/820ade70da4011e48533ed4be8ca86a2?jfwid=-9dzqnuet7>

Law on Equal Opportunities	- Ensures the implementation of human rights laid down in the Constitution of the Republic of Lithuania, and prohibits any direct or indirect discrimination based on age, sexual orientation, disability, racial or ethnic origin, religion or beliefs.
Law on Social Enterprises	- Establishes the rights and duties of the legal persons which have been granted the status of a social enterprise as relating to this status, the basis and procedure for acquiring and losing this status, defines the target groups of the persons employed in social enterprises, specifies peculiarities of employment relations in these enterprises and regulates state aid granted to social enterprises.
Labour Code	- Obliges employers to take all measures so that persons with disability would have all opportunities to get a job, work as well as seek a career and employment. - Regulates certain aspects of employment relations (e.g. dismissal notice, working time etc.) between an employer and a person with disabilities.
Government decree no 1501	- Lists activities of social enterprises that are not eligible for additional support.
Minister of Social Security and Labour decree no A1-135	- Describes the provision of state support for social enterprises.

Employment models for persons with disabilities in Lithuania: social enterprises

The key objective of social enterprises in Lithuania is ‘to encourage persons belonging to particular target groups to return to the labour market, strengthen their social integration and inclusion’. These target groups include:

- **persons with disability**, who have employment level lower than 55% (determined by the Disability and Working Capacity Assessment Office under SADM);
- **long-term unemployed** persons with disability (must be unemployed for at least 2 years);
- **unemployed persons aged 50+** and registered in the Lithuanian Labour Exchange (LLE);
- **parents (caretakers) of children** aged 0-8 years old or disabled persons aged 0-18 years old that have been unemployed for at least 6 months;
- **caretakers of persons** with severe disabilities or permanent care requirements that have been unemployed for at least 6 months;
- **persons who have returned from penitentiary** institutions after serving at least 6 months sentence and have been unemployed for at least 6 months;
- **persons addicted to psychotropic substances** that have successfully completed rehabilitation programme and have been unemployed for at least 6 months.

The Law on Social Enterprises does not provide a specific definition, but presents certain requirements that social enterprises must meet:

- it must be a small and medium enterprise (SME);
- it must have at least 4 employees;
- at least 40% of its employees (on average per annum) must come from the above-listed target groups;
- it's official objectives must be related to the integration of the above-listed target groups, specifically their employment, development of professional and social skills and social integration;

- it cannot carry out activities that are not eligible for additional state support (e.g. hunting, mining, production of tobacco products and others).

The Law on Social Enterprises singles out an additional sub-type of social enterprises called ‘social enterprises for persons with disabilities’. Such enterprises must meet all the conditions set for the ‘traditional’ social enterprises, but in addition at least 50% percent of their employees (on average per annum) must be persons with disability, of which at least 40% must have employment level below 35% (determined by the Disability and Working Capacity Assessment Office under SADM). The disabled social enterprises are entitled to additional financial support (subsidies).

Social enterprises are not confined to any particular legal status and traditional limited liability companies, small partnerships and other types of companies can receive a status of a social enterprise if they meet the above-listed requirements set by the law. As a result, most of social enterprises in Lithuania are profit-seeking entities, which places them outside social economy actors as defined by the EC⁸⁶.

Persons with disability in social enterprises are considered as employees and employment relations are regulated by Labour Code and other relevant legislations/regulations. Hence, they are entitled to all social protection schemes applied to employed persons with disabilities in the country. In addition, all persons with disabilities that have an employment level of 55% or lower receive special pensions regardless whether they are employed or not. The exact amount of these pensions is determined according to the person’s employment level and official working time. Employed persons with disabilities are also entitled to sickness leave for up to 90 days per years for which they get salary compensation. However, persons with disabilities do not acquire any additional social protection benefits by being employed specifically in a social enterprise.

Incentive schemes aimed at fostering labour market inclusion

Table 13 lists and briefly describes all the incentives available for social enterprises in Lithuania. It is noteworthy that some incentives apply to all social enterprises, while others only to social enterprises for persons with disabilities. In general, the vast majority of incentives to employ persons with disabilities in social economy enterprises are offered to employers in a form of financial support (subsidies).

Table 13. Incentives and schemes.

Incentives for employers	Incentives for persons with disabilities
Social enterprises	
Wage subsidies and subsidies for social insurance contributions.	<ul style="list-style-type: none"> - Subsidies for persons with disability are offered for the entire employment period. - Size of the subsidy depends on the disability level (ranges from 60-75% of salary).
Subsidies for the creation and adaptation of work environment for persons with disabilities.	<ul style="list-style-type: none"> - Subsidies apply only for persons with disability. - The new workplace must be retained at least for 36 months. - The average number of workers in the enterprise must increase during the past 12 months. - Size of the subsidy depends on the disability level (ranges from 35-80% of all costs). - Maximum amount cannot exceed 40 minimum monthly salaries set by the state.
Subsidies for training of employees that belong to one of the target groups.	<ul style="list-style-type: none"> - Subsidy can cover 60-70% of all training costs. - Applies to all target groups.

⁸⁶ European Commission, Social Economy in the EU. Available at: https://ec.europa.eu/growth/sectors/social-economy_en

Public procurement schemes.	- All public institutions and companies are obliged to procure at least 5% of their goods/services (in value terms) from social enterprises.
Social enterprises for persons with disabilities	
Subsidies for the adaptation of work, manufacturing and leisure environments.	- Applies to persons with moderate and severe disabilities. - Maximum amount cannot exceed 6 minimum monthly salaries set by the state. - Subsidy can be provided only once in 36 months.
Subsidy for additional transportation and administrative expenses.	- Applies to persons with moderate and severe disabilities.
Subsidy for assistant (sign language interpreters) expenses.	- Applies to persons with moderate and severe disabilities. - Size of the subsidy depends on the disability level (ranges from 20-40% of all costs).

Source: compiled by authors from various sources.

Despite a large variety of incentives for employers (i.e. social enterprises), wage subsidies is by far the most popular measure. During the period 2015-2017, wage subsidies accounted for more than 90% of all subsidies provided to social enterprises by the state. Such subsidies are financed from the state budget as well as European Social Fund.

Job generation

Table 14 below provides key employment statistics for persons with disability – including those in social enterprises – during the 2015-2017 period. The statistics reveal a few interesting facts: first, the overall level of employment of persons with disability is very low and ranges around 35%; second, the share of persons with disabilities working in social enterprises is also very low. More specifically, in 2017 social enterprises employed just 17.3% of all employed persons with disability and only around 6% of working age persons with disability in Lithuania. Social enterprises predominantly employ persons with light or moderate disabilities, while persons with severe disabilities comprise only 3% of those employed in social enterprises. This leads to the conclusion that social enterprises are not very effective in terms of employing persons with disability, particularly those with severe disabilities. The Lithuanian government representatives also note that the current system has multiple deficiencies and is not effective as it operated at the time of drafting this report in late 2018⁸⁷.

Table 14. Employment trends of persons with disability in Lithuania.

	2015	2016	2017
Persons with disability (total)	205,895	201,664	198,610
Working age persons with disability (total)	138,465	135,680	135,130
Employed persons with disability (total)	47,335	48,256	47,133
Employed persons with disability (% of working age persons with disability)	34.2%	35.6%	34.9%
Employed persons with disability in social enterprises (total)	6,003	7,288	8,167
Employed persons with disability in social enterprises (% of total employed persons with disability)	12.7%	15.1%	17.3%
Number of social enterprises (total)	148	172	189

Source: Lithuanian Labour Exchange and Lithuanian Ministry of Social Security and Labour.

⁸⁷ Interview with the representative of the Lithuanian Ministry of Social Security and Labour.

It is noteworthy that the share of persons with disabilities in social enterprises has been gradually rising in recent years – it increased from 12.7% in 2015 to 17.3% in 2017. This could be associated with the rising number of such enterprises, mostly due to availability of multiple subsidies and favourable business conditions. For example, the requirement for public institutions to procure at least 5% of goods and services from social enterprises puts such companies in advantageous position against non-social enterprises in public procurement tenders (for example cleaning services). Multiple subsidies for employing persons with disabilities (or other target groups) also allow such companies to lower their operation costs and be very competitive on the market. Moreover, up until 2018, social enterprises were exempt from paying a profit tax, even though such companies were not required to reinvest their profit and could distribute it among shareholders.

Multiple incentives and concessions for social enterprises is one of the key points of criticism from various organisations representing persons with disability. For example, representatives from Lithuanian Association of People Disabilities as well as the Lithuanian Disability Forum claim that most social enterprises seek profit at the expense of persons with disability rather than truly seeking wider social change such as (re)integration of target groups into the labour market⁸⁸. For example, there are cases when normal for-profit companies establish social enterprises as their subsidiaries and then sell their services/goods on the market keeping the profit⁸⁹.

Another point of criticism of the current employment model within Lithuanian social enterprises is associated with the provision of subsidies for employers (social enterprises) without individualised assessment whether the type of disability the person has actually lowers their productivity level vis-à-vis specific work tasks assigned to them. For example, all persons that need a wheelchair are ‘automatically’ given the highest level of disability, for which the state (either from the budget or the European Social Fund) provides a 75% wage subsidy for social enterprises throughout the employment period. However, this type of disability might not affect the person’s productivity in case of many office-based jobs. In such cases, social enterprises are able to employ perfectly productive employees only at a fraction of the cost of their employment. In such cases, the subsidy contributes to the profit margin of the company rather than supports integration of persons with disabilities into the open labour market⁹⁰.

Training

Subsidies for (vocational) training is a specific measure aimed to support training of persons with disabilities in social enterprises. Social companies can receive subsidies – ranging between 60% and 70% of total expenses - for organising training for persons with disabilities (and other target groups) related to the company’s core activities. Subsidies cover various types of expenses, including lecturers, learning materials and transportation costs (of lecturers or students). Moreover, the time spent in training is considered as working time in terms of payment. The initiative to organise vocational training rests with the employer.

Despite the support available, social enterprises place very little focus on training of persons with disability. According to the 2015 data from the Ministry of Employment and Social Affairs, social enterprises operating in Lithuania requested subsidies for training for their employees with disabilities worth just EUR 540. Meanwhile, wage and social security contribution subsidies reached nearly EUR 16.5mn during the same

⁸⁸ Cibulskienė, L., 2016. ‘Socialinių įmonių spindesys ir skurdas’. Valstiečių Laikraštis, 2016 11 11. Available at: <http://valstietis.lt/naujienos/salyje/socialiniu-imoniu-spindesys-ir-skurdas/>

⁸⁹ Interview with the representative of the Lithuanian Disability Forum.

⁹⁰ Ibid.

period. There are a few potential explanations for such little interest in training: first, social enterprises do not have any incentive to prepare their employees for transitioning into the open labour market as they would lose subsidies; second, employers may train their employees themselves by providing on-the-job training by more experienced workers, which does not require subsidies.

Financial sustainability

The current social enterprises model is not considered sustainable by the government and major organisations representing persons with disabilities. The Lithuanian Minister of Social Security and Labour Linas Kukuraitis (in office since December 2016) claims that the system is too expensive and state funds are distributed disproportionally. According to the minister, around 8,000 persons with disability employed in social enterprises receive more than EUR 30mn of state funding, while the remaining nearly 40,000 working in the open labour market receive only around 3 million in state support⁹¹. In recent years, similar claims have been made by the Lithuanian Disability Forum and other organisations representing persons with disabilities⁹². As of January 2019, the Lithuanian government is considering various amendments to the Law on Social Enterprises and other relevant legal acts to change the funding structure and promote greater inclusion of persons with light and moderate disabilities into the open labour market. At the same time, social enterprises would focus on the inclusion of persons with severe disabilities into the labour market. The draft proposals also feature restrictions for social enterprises in terms of profit redistribution and a revision of incentive schemes.

Lithuania case study company: UAB Aromika

FACTBOX	
<ul style="list-style-type: none"> - Employment model: Lithuanian social enterprise. - Mission/vision: not available. - Year established: 2004. - Legal type: private, joint stock company (for-profit). - Principal area of activity: manufacturing of body and homecare products (candles, scents). - Geographic scope of operations: based in Lithuania, some exports. - Annual revenue: around EUR 700,000. - Total number of employees: around 25. - Total number of persons with disabilities: around 12-13 (around 50%). - Membership in associations (national or international): none. 	

EMPLOYMENT	
Target group	Persons with various disabilities, mostly physical. The majority of workers have the highest level of working capacity (45-55%) and only one employee has the lowest working capacity of (0-25%).
Nature of work	<p>The scope of activities includes the following areas:</p> <ul style="list-style-type: none"> • packaging; • folding; • gluing; • administrative and managerial responsibilities (customer relations, sales, logistics).

⁹¹ Delfi, 'Kukuraitis prakalbo apie didžiulę paramos nelygybę'. Available at: <https://www.delfi.lt/news/daily/lithuania/kukuraitis-prakalbo-apie-didziule-paramos-nelygybe.d?id=79184861>

⁹² 15 Min, Henrika Varnienė, 'Pirmieji žingsniai neigaliųjų įdarbinimo reformoje'. Available at: <https://www.15min.lt/naujiena/aktualu/nuomones/henrika-varniene-pirmieji-zingsniai-neigaliuju-idarbinimo-reformoje-18-1048270?all#print>

Differentiation due to the level of disability	Some differentiation depending on the skills and competences. Some persons with disabilities carry out manual work in manufacturing of scents/candles. Others are engaged in administrative or managerial activities.
Changes in number of employees	Overall, the number of employees has been growing in recent years, including the number of persons with disabilities. The number of employees depends directly on the company's performance in terms of financials and production.
Long-term or transitional employment	Persons with disability tend to stay in the company for longer periods of time. Some persons with disabilities work for 6 months, some have been with the company for a few years.
Type of contracts	All persons with disabilities hold regular employment contracts. Remuneration depends on the position the person with disability holds in the company. Salaries for manual jobs are lower (slightly above minimum wage), while wages for administrative or managerial positions are higher.
Mechanisms and incentives facilitating the transition of persons with disabilities into the 'open labour market'	The company does not have any mechanisms or incentives for persons with disabilities for transitioning into regular (non-subsidised) employment. The company is happy with the persons with disabilities employed and does not want/encourage them to leave.
TRAINING	
Work-related training: nature, length, any other important aspects	Persons with disabilities get very basic on-the job training, such as how to use the folding, packaging machinery. Besides that, no additional (or special) training is provided for persons with disabilities.
Who trains the employees	Other employees at the company train persons with disabilities.
Recognition of training	No certificates or other types of documents. There is no general applicable certificate approved by public institutions.
Comments/suggestions	The employees are trained as needed. However, most of them carry out very basic tasks and not much additional training is necessary.
SUSTAINABILITY	
Profitability	Aromika is a for-profit company that is profitable. The company's revenue has been growing by more than 50% during the recent few years.
State support	<ul style="list-style-type: none"> - Around 14% of revenue comes from wage subsidies (state support) and 86% from commercial activities. It would survive without state support, but it remains unclear whether its activities would be more or less efficient. - Although the company can access state subsidies for various necessities, such as workplace adaptation, training, transportation, so far wage (and social insurance tax) subsidies accounted for the vast majority of such support. The company considers wage subsidies as support for business development/growth as subsidised workforce lowers production costs thus increasing the company's competitiveness.
IMPACT	
Success in realizing the company's mission	The company has been successful and growing rapidly in the recent few years.
The biggest achievements	Not available.
Story of success	<ul style="list-style-type: none"> - For example, one person with disability who has some heart problems and has recently undergone a surgery, works as a sales manager. Due to health issues, the person can work only part-time. Nonetheless, the employee has been performing very well. The person has stayed with the company for around 2 years now, although she could find an unsubsidized job in the 'open labour market'. - Another story of success includes a person who has lost one of his hands and had some facial injuries after an explosion. The company allows him to work from home part-time as he is attending a public higher education institution at the same time. Once again, the company considers him as a valuable asset.

3.4. Norway

Norway has a long-standing prominence of the welfare state, as well as a tradition of collaboration between various stakeholders in policy formation and development. Some organisations that nowadays could be considered as social economy organisations have long histories dating back to the early-to-mid 20th century. Nonetheless, social entrepreneurship as such is a relatively new phenomenon in Norway. The first actors identifying themselves as social entrepreneurs emerged only around 2008-2009⁹³. The sector is still in early stages of development and, as in the other countries covered in this study, there is still no widely accepted definition of social enterprises. A few recent studies of the emerging social economy sector in Norway highlighted ‘work integration’ as one of the key areas of operation for social economy organisations⁹⁴. In this study, we focus on such organisations and, in particular, specific employment models for persons with disabilities implemented by them – namely Work preparation training and Permanent adapted work scheme.

Both models are mostly implemented by **work inclusion enterprises** (arbeidsinkluderingsbedrifter). These are non-profit companies majority-owned by municipal administrations (some are private foundations). They explicitly seek to integrate persons with ‘reduced work capacity’ into the labour market. While they are not privately-owned, they operate based on market principles and are generally considered as social economy actors in Norway⁹⁵. As of 2018, there were around 350 of such work inclusion enterprises in the country, with around 330 of them having membership in one of two major associations: ASVL with around 220 member companies and Arbeid & Inkluderer uniting another 115 such companies.

An important stakeholder in the Norwegian system of work inclusion of persons with disabilities is the **Norwegian Labour and Welfare Administration** (NAV). It is a state agency, which seeks to provide social and economic security while encouraging a transition to activity and employment⁹⁶. Apart from general public employment services, NAV has special obligations towards people with ‘reduced ability to work’, a term that includes persons with disabilities, but is not exclusive to them. NAV facilitates employment in the open labour market and also in sheltered workplaces.

Legislative and regulatory environment

In terms of employment, one of the most important legislative frameworks in Norway is the tripartite Inclusive Work Environment Agreement (IA Agreement), which was first signed in 2001 between social partners (represented by employer and employee organisations) and the Ministry of Labour and Social Affairs. The agreement has been extended multiple times, with the latest extension covering the period 2019-2023. The agreement assigns more active roles to employers and employees to achieve three subsidiary goals:

- to reduce sickness absence;
- to increase the employment of persons with disabilities⁹⁷; and

⁹³ European Commission, 2017. Peer Review on ‘Social entrepreneurship to tackle unmet social challenges’, DG Employment, Social Affairs and Inclusion. Available at: <https://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=9007&furtherNews=yes>

⁹⁴ Ibid.

⁹⁵ Interview with the representative of ASVL.

⁹⁶ Government of Norway. ‘Norwegian Labour and Welfare Organization (NAV)’. Available at: <https://www.regjeringen.no/en/dep/bld/organisation/tilknyttede-virksomheter/Norwegian-Labour-and-Welfare-Organizatio/id426155/>

⁹⁷ This goal has been removed from the IA Agreement in 2019.

- to extend the labour force participation of persons aged over 50.

By entering into the cooperation agreement, enterprises support the goals of the IA Agreement. In return, companies receive rights that are reserved for such enterprises, such as an own contact person and subsidies from NAV. Moreover, participating companies receive additional support and assistance from NAV's Inclusive Workplace Support Centres. A survey from 2013 showed that 70% of employers in Norway had joined the IA agreement⁹⁸.

Table 15 below lists the main legislations relevant for employment of persons with disabilities in Norwegian social economy organisations.

Table 15. Relevant legislation and regulation for the inclusion of persons with disability in labour market within social economy in Norway.

Legislation and regulation	Relevance
The Anti-Discrimination and Accessibility Act.	Prohibits direct and indirect discrimination on the basis of disability. The act also stipulates requirements concerning universal design and individual adaptation, including reasonable accommodation.
Labour Market Act (Arbeidsmarkedsloven).	The act imposes duties on employers in connection with job vacancies that the employer seeks to fill, and rules governing mass redundancies and lay-offs. The act also stipulates basic services and rights NAV users are entitled to. In addition, the Act regulates employment agencies and hiring practices ⁹⁹ .
The Work Environment Act (Arbeidsmiljøloven): § 4-6 on Accommodation for employees with reduced working capacity.	The act Aims to: <ul style="list-style-type: none"> - secure a working environment that provides a basis for a healthy and meaningful working situation, that affords full safety from harmful physical and mental influences and that has a standard of welfare at all times; - ensure sound conditions of employment and equality of treatment at work; - facilitate adaptations of the individual employee's working situation in relation to their capabilities and life circumstances; - provide a basis whereby the employer and employees may themselves safeguard and develop their working environment in cooperation with the employers' and employees' organisations and with the requisite guidance and supervision of the public authorities; - foster inclusive working conditions; - section 4-6 specifically regulates the working environment for persons with 'reduced capacity for work'.
The Social Insurance Act (Folketrygdloven), Section 11 on rehabilitation benefit and Section 12 on disability benefits.	Regulates central national insurance and welfare schemes in Norway and describes the terms of national insurance membership that are essential to Norwegian citizens. It includes provisions for unemployment benefits, sickness benefits, and benefits related to the course of life and family situations, retirement pension and rules for processing cases.
Regulation on labour market measures No 1598 (F11.12.2015).	Lists, describes and elaborates on various support measures offered by the state to persons seeking employment. <ul style="list-style-type: none"> - Chapter 13 regulates traineeship schemes in sheltered employment. - Chapter 14 regulates adapted work in sheltered enterprises.

⁹⁸ The Norwegian Directorate for Children, Youth and Family Affairs, 2017. 'Disabilities in Norway'. Available at: https://www.bufdir.no/en/English_start_page/Disabilities_in_Norway/

⁹⁹ The Norwegian Labour and Welfare Service, 'Legislation'. Available at: <https://www.nav.no/en/Home/About+NAV/Relatert+informasjon/Legislation>

The Inclusive Working Life Agreement (IA Agreement) (current edition covering 2019-2023)	The Agreement has three main goals: a) to reduce the level of sick leave, b) to prevent withdrawal and increase employment of disabled people, and c) to prevent early retirement.
Regulation on specific requirements of work preparation training (AFT scheme), 15.09.2016 (NAV) ¹⁰⁰	<ul style="list-style-type: none"> - Describes objectives as well as target groups and specifies provision of training under the work preparation training scheme (AFT). - Sets specific requirements for organisations to offer assistance under the work preparation training scheme (AFT).

Employment models for persons with disabilities in Norway: work preparation training scheme (AFT) and permanently adapted work scheme (VTA)

The Norwegian public employment service (NAV) allocates its services based on the following algorithm¹⁰¹: each unemployed person in Norway (including those with reduced working capacity) must apply to NAV in order to receive the organisation's support. Then NAV carries out an assessment of each individual's needs on the labour market and assigns them to one of four profiles¹⁰².

1. No support needed (simply provides information on available jobs on the labour market).
2. Need for temporary support measures (for example, assistance in obtaining truck driving license etc.).
3. Need for long-term support (for example, **work preparation training scheme** (arbeidsforberedende trening or AFT).
4. Need for permanent support (for example, **permanently adapted work scheme** (Varig tilrettelagt arbeid or VTA).

The latter two schemes – AFT and VTA – are the main focus of this study. These schemes are implemented predominantly by Norwegian work inclusion companies – non-profit companies majority-owned by municipal administrations. It is important to note that the AFT and VTA schemes are not mutually exclusive and the same work inclusion enterprise can implement both of them at the same time. Moreover, persons with disabilities can move from one scheme to another depending on individual needs. Finally, it is important to note that both schemes target persons with 'reduced work capacity', which includes, but is not exclusive to persons with disabilities.

Work preparation training

The work preparation training scheme (AFT) is predominantly a training scheme that aims to test individual's abilities on the labour market and increase chances of getting employment in the open labour market. Work preparation training places an emphasis on testing and training in ordinary working life after an initial phase of preparatory work in an adapted work environment. The measure also offers mapping of competence and career guidance.

The scheme targets persons with 'reduced work ability', including those with compound assistance needs, those who have very uncertain prospects in the labour market, persons with health and social challenges as

¹⁰⁰ NAV, 2016. 'Kravspesifikasjon for Tiltaksarrangører, Arbeidsforberedende trening (AFT)'. Available at: <https://www.asvl.no/filestore/2016-09-14KravspesifikasjonAFTendeligutsendt3.pdf>

¹⁰¹ NAV, 2010. 'Retningslinjer for oppfølgingsvedtak i NAV'. Available at: https://www.nav.no/arbeid/_attachment/269927

¹⁰² Interview with the representative of Arbeid og Inkludering.

well as limited skills and education to compete on the labour market. While persons with disabilities are not mentioned explicitly in the description of the target group, they are a significant part of the programme.

The AFT scheme can be organised only by enterprises that meet specific requirements. One of the requirements is to have a dedicated supervisor for every six participants in the scheme. Such enterprises must also have all the necessary resources and to carry out an inclusive and individually-adapted scheme for each person. The companies must be able to offer work-based training for at least 30 hours per week. Each participant must be regularly monitored and assessed based on pre-set criteria.

In total, the duration of the measure usually ranges between 6 and 12 months, with a possible extension of up to 2 years, depending on individual needs. In order to ensure progress in the action, the NAV evaluates the status and progression of the individual participant every three months. Throughout the training period, participants hold a temporary employment contract with the inclusion enterprise. However, they are not considered as employees and do not receive a salary. Instead, they are entitled to financial benefits from the NAV.

Incentive schemes aimed at fostering labour market inclusion in the AFT scheme

The vast majority of measures and incentives offered by the NAV – such as subsidies, trainings, mentorships etc. – aim to integrate persons with disabilities into the open labour market. Looking specifically at social economy enterprises, NAV offers three types of grants for work inclusion enterprises to carry out work preparation training (AFT) scheme and offers disability benefits to participants of the scheme (see Table 18 below).

Table 16. Incentives and support schemes for organisations implementing the work preparation training scheme.

Incentives for employers	Incentives for persons with disabilities
Subsidies for enterprises employing persons under work-training schemes. This is a fixed monthly rate per approved job placement. The rate is determined by the ministry.	Persons with disabilities receive benefits from NAV throughout the duration of the scheme.
Subsidies for the creation of a new job place (construction, installation, expansion etc.). The extent of the subsidy is dependent on the actual incurred costs. There is a maximum amount specified.	
Operational support grant for each effectively filled place under the AFT scheme. The grant amounted to NOK 16,400 (EUR 1,685) per month during 2018.	

Source: NAV.

Job generation

The total number of participants in the work preparation training scheme stood at around 7,400 as of October 2018. This figure has largely remained stable over the past few years¹⁰³.

Table 17. Employment and training trends of persons with reduced work capacity in Norway.

Indicator	2018
Total number of persons with disability	605,000
Total number of persons with reduced work capacity	184,967
Total number of persons with reduced work capacity in various NAV measures	54,051 (as of October, 2018)

¹⁰³ Interview with the representative of Arbeid og Inkluderung.

Total number of participants in work preparation training (AFT)	7,423 (as of October 2018)
Number of work inclusion enterprises	Around 350

Source: Norwegian Directorate for Children, Youth and Family Affairs; NAV.

According to specific targets set for the AFT scheme, it should achieve a 50% transition rate from the traineeship into work or education¹⁰⁴. However, statistics show that the scheme in these organisations has not reached its official target. According to the Industry Association for Work & Inclusion (Arbeid & Inkludering) uniting around 115 work inclusion companies, around 26.6% of participants in the programme within its companies successfully transitioned to work and another 9.4% continued education. Another 22.3% of participants were offered other active measures (22.3%) and 40.8% went on to receive non-active measures¹⁰⁵. Nonetheless, the AFT scheme could be considered as generally successful as it seeks to promote work inclusion of persons with disabilities in a comprehensive and individualised manner¹⁰⁶. The transition rates to mainstream employment, though below the internal target, are also considerable, especially as continuing to education can be considered as a successful transition to activity. Moreover, the number of participants in the scheme is limited by the extent of financial support provided by the state. The actual demand for participation in this programme is much higher than the numbers served. On average, persons with reduced work capacity have to wait around 300 days to get enrolled in the programme¹⁰⁷.

Training

In general, the work preparation training scheme includes four main steps¹⁰⁸:

1. Clarification of resources and occupational goals.
2. Labour examination in a sheltered and adapted work environment.
3. Organized training with the aim of achieving real and formal competence.
4. Organized work training and follow-up in ordinary work life.

During the first phase of the AFT scheme, inclusion enterprises clarify participants' resources and occupational goals through mapping and career guidance. This includes activities such as mapping of basic skills, job satisfaction, job training skills, interest mapping and career guidance, mapping and training in career skills, motivation and other. This step usually lasts 1-4 weeks and results in an individual work inclusion plan.

In the second phase, participants usually have work tests in a sheltered work environment, either in an internal or external sheltered environment. Participants test their work abilities through various work assignments. During this time, participants' abilities and attendance over time is monitored. At the same time, the participant may be attending various training sessions in order to resolve/mitigate obstacles on the labour market. The key objective of this practice work is to test abilities and find out what works for each individual. The participant is closely followed by the counsellor. This phase usually lasts around 3 months.

¹⁰⁴ Regulation on specific requirements of traineeship in sheltered employment (AFT scheme), 15.09.2016 (NAV). Available at: <https://www.asvl.no/filestore/2016-09-14KravspesifikasjonAFTendeligutsendt3.pdf>

¹⁰⁵ Arbeid & Inkludering. Accessed on November 20, 2018. Available at:

https://www.arbeidoginkludering.no/contentassets/3916fbd2d3ee4623a58d69399b159e06/nyhetsbrev_3-18.pdf

¹⁰⁶ Interview with the representative of ASVL.

¹⁰⁷ Interview with the representative of Arbeid og inkludering i NHO Service og handel.

¹⁰⁸ A2G Kompetanse, 'Arbeidsforberedende trening (AFT)' Available at: <http://a2gkompetanse.no/content/arbeidspraksis-i-skjermet-virksomhet-aps>

The third phase includes training with a view to achieving real and formal competence. This phase is applicable to participants who need training in basic skills or to improve vocational skills. The duration of this phase ranges from 8 to 12 months.

Finally, participants carry out work and training activities in regular businesses in the open labour market. Participants receive assistance to search for appropriate employment internships with a regular employer for employment in an open labour market. The inclusion enterprise follows up both with the participant and the employer during the internship period. If employment in the open labour market is not feasible, the participant may be offered other measures.

Financial sustainability

The work preparation training scheme (AFT) is admittedly expensive¹⁰⁹. The implementation of it is fully funded by the central government. Without state support, the work inclusion enterprises would hardly survive¹¹⁰ or at least their services would not be the same¹¹¹.

Permanent adapted work scheme

Permanent adapted work (VTA) is a work scheme for persons with disability allowing them to work in a sheltered/protected environment with individually adapted work tasks. The scheme is available for persons who have been granted full disability benefit under the National Insurance Act and need special arrangements and assistance to work. The scheme aims to develop skills needed to compete in the open labour market or enter training.

The actual organisation of the VTA scheme can vary notably depending on municipality and the actual company implementing it. In some companies the scheme offers very similar work environment to the open labour market with production/delivery of real goods and services, while in others it may include more occupational and social (non-productive) activities¹¹².

The duration of the scheme is unlimited, but participants are regularly examined whether they are ready to transition into the open labour market or other training schemes, or should instead be offered other support measures. Participants can also have a temporary (maximum 6 month) leave from the sheltered business to try themselves in the open labour market (so-called 'hospitering') without the risk of losing a workplace.

In the VTA scheme, participants are considered as permanent employees hence they are covered by the collective employment agreement, regular employment conditions and other provisions under standard permanent employment contracts. Remuneration is paid out to participants of the scheme in the form of a disability pension paid by the state and there is no requirement for the employer to pay a regular salary. However, employers under the VTA scheme are allowed to pay an extra salary in addition to the disability pension. According to the case study of one Norwegian work inclusion company (see Norway case study company: SPIR Oslo), participants in the scheme usually receive a small extra salary, but it tends not to exceed NOK 96,000 (EUR 9,900) per year, otherwise participants would lose state benefits.

¹⁰⁹ Interview with the representative of Arbeid og inkludering i NHO Service og handel.

¹¹⁰ Interview with the representative of Arbeid og inkludering i NHO Service og handel.

¹¹¹ Interview with the representative of the Norwegian work inclusion enterprise.

¹¹² Nasjonalt kompetansemiljø om utviklingshemming, 2018. 'Varig tilrettelagt arbeid (VTA): Forskning'. Available at: <https://naku.no/kunnskapsbanken/varig-tilrettelagt-arbeid-vta-forskning>

Incentive schemes aimed at fostering labour market inclusion in the VTA scheme

Table 18 outlines the incentives available for work inclusion enterprises implementing the permanently adapted work (VTA) scheme.

Table 18. Incentives and support schemes for organisations implementing the permanently adapted work scheme.

Incentives for employers	Incentives for persons with disabilities
Subsidies for enterprises employing persons under permanently adapted work schemes. Fixed monthly rate per approved job placement. The rate is determined by the ministry.	Employees receive a disability pension throughout the duration of the measure.
Subsidies for the creation of a new job place. Subsidy size is dependent on the actual incurred costs. There is a maximum amount specified.	
Operational support grant for each effectively filled place under the VTA scheme. The grant amounted to NOK 13,210 (EUR 1,356) per month during 2018.	

Source: NAV.

Job generation

Table 19 provides basic information about the participant numbers in VTA schemes as well as overall numbers of persons with reduced working capacity in Norway. As of 2018, there were slightly more than 8,500 persons with reduced work capacity in the VTA scheme. While there are no concrete data on the share of persons with disabilities in this group, previous studies estimated that persons with disabilities comprised between 20% and 35% of all participants in the scheme¹¹³.

Table 19. Employment and training trends of persons with reduced work capacity in Norway.

Indicator	2018
Total number of persons with disability	605,000
Total number of persons with reduced work capacity	184,967
Total number of persons with reduced work capacity in various NAV measures	54,051 (as of October, 2018)
Total number of participants in permanently adapted work scheme (VTA)	8,521 (as of October, 2018)
Number of work inclusion enterprises	Around 350

Source: Norwegian Directorate for Children, Youth and Family Affairs; NAV.

Transition rates into the open labour market in the permanently adapted work (VTA) scheme were lower among the Arbeid & Inkludering members: only 11.5% of participants transitioned to employment and 3.7% went to education during the first three quarters of 2018¹¹⁴. Meanwhile, the vast majority of participants continued with other non-active inclusion measures (58.9%). Similarly to the AFT scheme, there is a shortage of places within the VTA scheme and around 2,500 more participants could be enrolled in the programme with additional financial resources¹¹⁵.

It is noteworthy that some work inclusion enterprises implementing the VTA scheme have co-opted the day-care centre services, also offered by municipalities. The Norwegian Labour Cooperative Association (ASLV),

¹¹³ Nasjonalt kompetansemiljø om utviklingshemming, 2018. 'Varig tilrettelagt arbeid (VTA): Forskning'. Available at: <https://naku.no/kunnskapsbanken/varig-tilrettelagt-arbeid-vta-forskning>

¹¹⁴ Interview with the representative of the Norwegian work inclusion enterprise.

¹¹⁵ Interview with the representative of Arbeid og inkludering i NHO Service og handel.

which unites around 220 inclusion enterprises, believes that such a model when inclusion companies operate both as providers of employment as well as a day-care centre has certain benefits. Such an arrangement encourages greater mobility from the day-care activities to permanent adapted work settings and greater development of various work-related and social skills among participants¹¹⁶. Moreover, such a model allows social inclusion enterprises to offer a greater variety and more individualised tasks for persons with disabilities.

Financial sustainability

Similarly to the work preparation training (AFT) measure, the permanent adapted work (VTA) scheme is admittedly costly¹¹⁷. The number of available places in the VTA scheme is determined by the central government, which funds around 75% of the implementation costs. The remaining 25% of expenses are covered by municipalities implementing the measure. The VTA measure is not subject to tender and is offered by a pre-approved action organizer by agreement with NAV¹¹⁸.

Norway case study company: SPIR Oslo

FACTOBX	
<ul style="list-style-type: none"> - Employment model: both, work preparation training (AFT) and permanent adapted work (VAT) schemes. - Vision: 'Creating new possibilities together'. - Mission: Oslo's best arena for change and learning to help our participants find and keep a job. - Year established: 1959. - Legal type: Public stock company fully owned by Oslo municipality. - Principal area of activity: Work & inclusion enterprise providing training, apprenticeships, and assisted work services, including AFT and VTA schemes. Offers career guidance, courses, job mediation, and work inclusion services. - Geographic scope of operations: Oslo area. - Total number of regular employees (staff): 85. - Total number of persons in various programmes: around 600 per year. - Annual turnover: NOK 104mn (around EUR 10.7mn). - Membership in associations: Arebid & Inkluderer. 	

EMPLOYMENT	
Target group	SPIR Oslo employs around 40 persons with disabilities through the permanently adapted work (VTA) scheme. In general, participants in this scheme have severe and/or multiple disabilities. Around 60% of them have Down syndrome.
Nature of work	SPIR Oslo offers a wide variety of work options for persons with disabilities participating in the VTA scheme. The participants can work internally in one of three organisation's locations in the Oslo area and undertake cleaning, serving, cooking, packing, creative and other roles.
Differentiation due to the level of disability	This specific role depends on an individual's choice and abilities. Also, the participants can work as well in regular enterprises outside the SPIR Oslo system. In such cases, the participants receive regular assistance in the new workplace from SPIR Oslo. At the end of 2018, SPIR Oslo had three such employees working in regular companies: one participant worked in a retail store, another one in an office setting and the third one was an assistant in a transportation company. It is also possible to combine working part-time within SPIR Oslo and part-time in a regular company.

¹¹⁶ ASVL, 'Når vekstbedriften drifter dagsenter – et diskusjonsnotat', March 24, 2017. Available at: https://asvl.no/filestore/2017-03-24Dagsenter_diskusjonsnotat_ENDELIG.pdf

¹¹⁷ Interview with the representative of Arbeid og inkludering i NHO Service og handel.

¹¹⁸ Ibid.

Changes in number of employees	The number of places in the VTA scheme is limited and persons with disabilities willing to participate in it have to wait in line for around 12 months.
Long-term or transitional employment	In general, the transition rate from the VTA scheme to the open labour market is low. At the same time, it is not the key objective of the scheme.
Type of contracts	Persons with disabilities employed in SPIR Oslo under the VTA scheme receive a disability bonus from the state as well as a bonus paid by the organisation. Their bonus cannot exceed NOK 96,000 (EUR 9,900) per year, otherwise participants would lose state benefits.
Mechanisms and incentives facilitating the transition of persons with disabilities into the 'open labour market'	SPIR Oslo has good working relationship with around 500-600 employers (regular companies), who regularly hire persons from the organisation.
TRAINING	
Work-related training: nature, length, any other important aspects	There are around 150 people with 'reduced working capacity' engaged in the work preparation (AFT) scheme in SPIR Oslo. Participants in this programme include not only persons with disabilities, but also those who have significant difficulties in the labour market. For example, participants may include persons with various addictions, depressive disorders, those having served a penitentiary sentence etc. Participants in the AFT scheme undergo a four step programme discussed above (see Work preparation training).
Comments/suggestions	Statistics show that 26% of participants within SPIR Oslo transition to work and another 16% transition to education. While this remains below the 50% target set by NAV, the overall performance of the scheme is considered as positive by the organisation.
SUSTAINABILITY	
Profitability	SPIR Oslo's annual income stood at NOK 104mn (around EUR 10.7mn) in 2017.
State support	<p>- Breaking the income down by source, around NOK 46-48mn (around EUR 4.7-4.9mn) (44-46% of total) were provided by the central government, another NOK 22mn (around EUR 2.3mn) (21% of total) were earned through (winning) service tenders for the Oslo commune and the remaining amount (33-35%) was earned by selling goods and services on the market. The goods and services sold in the latter category were produced/delivered by participants in the VTA and AFT schemes and the organisation's staff. SPIR Oslo reinvests all its profit into the improvement and development of its services.</p> <p>- SPIR Oslo believes that it is important to have different streams of revenue in order to be sustainable. While it may be able to survive without the state support, its services and operation would not be the same.</p> <p>- In terms of challenges, SPIR Oslo notes that stability in government regulation and funding is a very important aspect for the organisation.</p>
IMPACT	
Success in realizing the company's mission	In general, SPIR Oslo believes it is successful in implementing its mission, which is important and much needed in Norway.
The biggest achievements	The organisation estimates that it has served around 60,000-80,000 persons since its establishment in 1959.

3.5. Spain

The concept of the ‘social (and solidary) economy’ sector in Spain encompasses different types of organizations and activities. Some of these organizations have deep historical roots related with Spain’s history of social participation and grassroots organizations, others emerged more recently during the transformation of various advocacy associations (not directly included in the social economy sector)¹¹⁹.

Table 20 below illustrates the variety of social economy enterprise types in Spain. Not all of the listed social economy-type organisations below work with integration of persons with disabilities in the labour market. WISEs and the specific employment model they embody in Spain are covered in Employment models for persons with disabilities in Spain: centros especiales de empleo (CEEs).

Table 20. Types of social economy organisations in Spain that work in the area of work integration of persons with disabilities¹²⁰.

Type	Description
Social initiative cooperatives (<i>Cooperativas de iniciativa social</i>)	<ul style="list-style-type: none"> - Form of business organisation based on a democratic structure and functioning. Their activity follows co-operative principles which are accepted and regulated at regional, national and international levels: open and voluntary membership, democratic management, economic participation of its members, education, training and information and an interest in the community. - So-called <i>social initiative cooperatives</i> mainly engage in either the provision of welfare services in health, educational, cultural or other activities of social nature, or in the development of any economic activity seeking employment of people suffering from any kind of social exclusion.
Employment integration enterprises (<i>Empresas de inserción, EI</i>)	<ul style="list-style-type: none"> - Typically set up as cooperatives or limited liability companies created by foundations or associations. - They must have more than 30% of workers in the employment integration process during the first three years of operation. This share has to rise to 50% from the fourth year onwards. - EIs typically work with groups such as the long-term unemployed, former drug addicts or former prisoners, who are in the process of rehabilitation and social reintegration.
Special employment centers (<i>Centros especiales de empleo, CEE</i>)	<ul style="list-style-type: none"> - These entities were initially established by Law 13/1982 (also known as LISMI law) for the social integration of people with disabilities. They perform productive work and participate in commercial operations. - Under this law, CEEs aim at providing remunerated positions and adequate personal and social services for workers with disabilities (who must constitute at least 70% of their workforce). - CEEs seek to integrate the highest possible number of people with disabilities into the open labour market, depending on the employees’ individual preferences, professional qualifications and various other factors. - The LISMI law remained in force until 2014, when several regulations were mainstreamed into the current general law governing the rights of persons with disabilities and their social inclusion (known as the General Disability Law or LGDPD – Royal Legislative Decree 1/2013). The concept of CEEs (as established by the LISMI law) remains in effect under the new law with some minor changes.

¹¹⁹ European Commission, 2016. ‘Social enterprises and their eco-systems: A European mapping report. Updated country report: Spain’. Available at: <https://ec.europa.eu/social/keyDocuments.jsp?advSearchKey=socenteco&mode=advancedSubmit&langId=en&search.x=0&search.y=0>

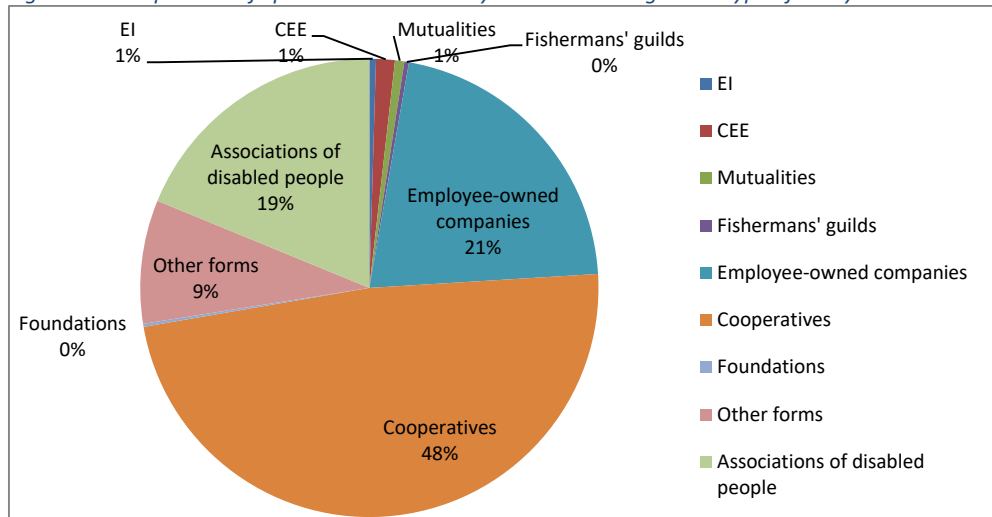
¹²⁰ There are other types of social economy organisations, including fishermen’s guilds, employee-owned companies, foundations etc.

Associations of disabled people (<i>Asociaciones de discapacitados</i>)	<ul style="list-style-type: none"> - Their mission is to pursue a common general interest instead of an individual one. - They are engaged in many economic activities (social services, care giving, education and fair trade, among others); in this case, profits have to be used in line with their statutory purposes.
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Sources: Law 5/2011, of 29 March, on Social Economy¹²¹, CEPES¹²², EC 2016).

According the Spanish Social Economy Employers' Confederation (CEPES), in 2017 there were 43,435 organisations considered as social economy actors. According to the same source, they were generating around 10% of Spain's GDP and creating 2,231,607 direct and indirect job places.

Figure 10. Composition of Spanish social economy sector according to the type of entity in 2017.



Source: Spanish Social Economy Employers' Confederation (CEPES).

Due to the decentralised nature of the Spanish state and its administration, the regulatory ecosystems of social economy enterprises (e.g. population characteristics, different focuses in civil society, different regulations and differing levels of support among regional governments for social enterprises) differ depending on the autonomous community, leading to differences in number, prevailing type and importance of different social enterprises.

Looking at the sheer number of social economy organisations, Andalusia and Catalonia are the leading regions followed by the Basque Country and the Valencian Community. The types of social enterprise vary across these regions: in Andalucía, the CEEs are the most prominent ones; in the Basque Country, the EI type is the most common. Catalonia has high numbers of all types of social enterprises, while in the Valencian Community there is a notable presence of social-initiative cooperatives.

There is also a considerable variety of organisations representing the same type of social enterprise. For example, the Basque Country or Navarra have fewer but larger CEEs compared to other regions such as Catalonia. Moreover, not all the CEEs can be considered social economy enterprises – some of them are commercial organizations. At country level, these two types of CEEs are distributed almost equally, i.e. roughly half of CEEs operate as social economy enterprises and the other half as commercial entities.

¹²¹ Spanish Law on Social economy (2011) Available at: <https://www.eesc.europa.eu/resources/docs/the-spanish-law-on-social-economy.pdf>

¹²² Confederación Empresarial Española de la Economía Social (CEPES). 'La economía social en España'. Available at: <https://www.aciamicas.coop/IMG/pdf/PresentacionCEPES.pdf>

However, the distribution is not equal among the country's regions and some of them – for example Catalonia or Basque Country – have more CEEs as social enterprises compared to other regions.

An EC-funded research project on social enterprises¹²³ found that approximately 33% of the analysed social enterprises in Spain conducted business activities, 24% provided products and/or services in the education sector, 21% provided community, social and related services, 8% were involved in health and social work, 7% worked in wholesale and retail trade and 7% provided financial intermediation services. When looking at social economy organisations working in the social services sector, 43% of them we found to be engaged in employment and training services, 21% carried out environmental activities (including production of organic goods), 14% worked in economic, social and community development, 8% provided social services and 8% other education and 6% research¹²⁴.

While social economy enterprises in Spain have a relatively high degree of autonomy from the state, to a larger or smaller extent they are dependent on public support¹²⁵. For instance, in Spain 0.7% of personal income tax is channelled by the government to social welfare programmes executed by the private non-profit sector. That said, some entities (e.g. social integration enterprises) are able to generate a significant share of their revenue from their commercial activities and are less dependent on public support.

Supported employment

Supported employment schemes in Spain help persons with disabilities to get employed directly in the open labour market. In order to be eligible for supported employment services, persons with disabilities (holding a disability degree of 33% or more) have to be registered with the PES as jobseekers. Persons with disabilities working in CEEs are also eligible for supported employment services.

Following the initial assessment, jobseekers (may) become eligible for a disability pension and can choose what service to use. Job orientation can be done by the PES, but job coaching is normally delivered by private service providers (usually associations of persons with disabilities, cooperatives and other social economy enterprises), who can apply to the PES and other public and private bodies for funding. The biggest share of finances for supported employment is provided by local authorities. However, insufficient funding is a problem for entities offering these services¹²⁶.

Legislative and regulatory environment

The main law regulating the social economy in Spain (Law 5/2011 on Social Economy in 2011) was adopted in 2011 and now provides the legal framework for social economy enterprises in the country. In addition, separate laws regulate specific types of social enterprises (see Table 21).

Table 21. Relevant legislation and regulation for the inclusion of persons with disability in labour market within social economy in Spain.

Legislation	Description
Law 5/2011 on Social Economy in 2011	- Does not create (or regulate) a new legal entity type, but simply groups together (for identification and promotional purposes) entities with specific legal forms that existed previously.

¹²³ Huysentruyt, M.; Tomislav R.; Ute S.; Von Essen, E.; and Vujic, S., 2010. 'SELUSI Personalised Feedback Report for Spain. SELUSI Research Consortium'.

¹²⁴ Ibid.

¹²⁵ Fisac R., Moreno-Romero A., 2015. 'Understanding social enterprise country models: Spain', Social Enterprise Journal, Vol. 11 Issue: 2, pp.156-177. Available at: <https://www.emeraldinsight.com/doi/abs/10.1108/SEJ-02-2014-0012>

¹²⁶ Interview with the representative of Fundación ONCE.

	<ul style="list-style-type: none"> - Stipulates that all entities included in this sector should follow values, such as the supremacy of the person/social goal over capital, the distribution of profits that are not according to capital provision, devotion to social sectors and independence from public power.
Employment Integration Enterprises (Law 44/2007)	<ul style="list-style-type: none"> - Provides employment mainly to persons at risk of social exclusion, a situation that has to be accredited by the public social services responsible for each type of exclusion. - These enterprises should provide the necessary orientation and education to allow their employees to integrate into the ordinary labour market. This could also be seen as a distinctive feature compared to the special employment centres (CEEs) that seek to generate a stable, long-term employment for their staff. - A minimum of six to twelve months and a maximum of three years of employment. - The law targets persons receiving minimum income of insertion or those in need but not eligible for any minimum income, people between 18 and 30 years coming from child protection agencies, people with addiction problems or incarcerated persons. - These social enterprises need to reinvest 80% or more of their turnover in the improvement or increase of their employment generation capacities and should not carry out any economic activity that is not directly related to their social goals. - The percentage of the workforce at risk of exclusion should be not less than 30% during the first three years of the business's activity and at least 50% after this period (see Article 5 of Law 44/2007).
Special Employment Centres Royal Decree 2273/1985 and the Royal Decree 469/2006	<ul style="list-style-type: none"> - Primary focus of CEEs is to provide workers with disabilities with remunerative employment and to facilitate their access to the labour market. - CEEs may be created by public administration bodies either directly or in collaboration with other bodies, by entities, or individuals, legal entities or legally associated partnerships that have a legal capacity to operate as businesses. Depending on the legal status of the founding body, CEEs may be public or private for-profit or not-for-profit centres.

Source: compiled by authors from various sources.

Other key laws regulating labour market inclusion of persons with disabilities are listed in Table 22.

Table 22. Laws regulating labour integration of disabled persons in Spain.

Legislation	Description
2015 National Reform Plan	<ul style="list-style-type: none"> - Sets out an obligation of a minimum quota in public procurement reserved for Special Employment Centres (CEEs), which mainly employ people with disabilities. These are also granted the status of providers of services of general economic interest and eligible for subsidies.
Royal Decree No. 1/2013, <i>Ley General de derechos de las personas con discapacidad y de su inclusión social</i>	<ul style="list-style-type: none"> - Stipulates that disabled people have the right to employment. Types of employment: <ul style="list-style-type: none"> • Ordinary employment in the companies or public administration with supported employment services. • Protected employment in CEEs and labour enclaves/employment settlements. • Self-employed work (empleo autónomo). - Foresees the obligation of the State to guarantee decent employment and to support disabled employees and their employers. - Foresees the creation of CEEs, establishment of quotas (at least 2% of employees in all enterprises should be disabled people).

Law 9/2017 on Service Public Contracts, 8 November 2017	<ul style="list-style-type: none"> - Social initiative-centres are recognised as a new type of CEE. These CEEs need to fulfil the 50%-participation quota, directly or indirectly, by one or more entities, whether public or private, that are non-profit and have recognized their social character in their statutes. These span from associations, foundations, public law corporations, social initiative cooperatives and other entities of the social economy. - The definition does not only apply to public procurement. By amending the General Disability Law, this definition can easily be applied to any regulation within its scope, such as those referring to subsidies, qualification of CEES and alternative measures. - The autonomous communities should be able to reserve the right to participate in award procedures for public contracts or for certain lots to sheltered workshops or businesses, or reserve performance of contracts to sheltered employment programmes. - This first-ever recognition of Social Initiative-centres stems from EU Public Procurement legislation, therefore aligning both the EU and national legislative framework for these CEEs. - Social-initiative CEEs must reinvest profits into their own operations.
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Source: compiled by authors from various sources.

Employment models for persons with disabilities in Spain: centros especiales de empleo (CEEs)

Considering a large variety of organisations within the Spanish social economy sector and objectives of this study, we focus from here on in on CEEs along with general provisions and support schemes available to all enterprises employing persons with disabilities.

Incentive schemes aimed at fostering labour market inclusion

In general, the majority of available support schemes target the inclusion of disabled workers in open economy companies. Nevertheless, some of them are applicable only to CEEs (see Table 23).

Table 23. Support schemes fostering labour market inclusion.

Incentives and schemes fostering labour market inclusion of persons with disabilities	Short description
Any type of enterprise employing disabled people	
Wage subsidies and subsidies for workplace adaptation	<ul style="list-style-type: none"> - For each indefinite full-time contract of a person with disability, the employee receives EUR 3,907. - If the permanent contract is part-time, the subsidy is reduced proportionally according to the established working day. - In addition, by adapting jobs, providing protective equipment or removing barriers, the employer can receive a grant of up to EUR 902.
Tax exemptions	<ul style="list-style-type: none"> - Social security tax: from EUR 4,500 to EUR 6,300 depending on the level of disability of the employee. - Deductions from the full amount of the Corporation Tax: ranging between EUR 9,000 and EUR 12,000 per year depending on the level of disability of the employee.
Supported employment	<p>Supported employment is carried out by accredited labour preparers/ counsellors with previous experience of at least one year in labour integration activities of people with disability.</p> <p>Financial benefits to employees</p> <ul style="list-style-type: none"> - EUR 6,600 per year for each worker with cerebral palsy, mental illness or intellectual disability, with a recognized degree of disability equal to or greater than 65%.

		<ul style="list-style-type: none"> - EUR 4,000 per year for each worker with cerebral palsy, mental illness or intellectual disability, with a recognized degree of disability equal to or greater than 33% and less than 65%. - EUR 2,500 per year for each worker with physical or sensory disability with a recognized degree of disability equal to or greater than 65%. In case of deaf persons or those with difficulty in hearing with a recognized degree of disability equal to or greater than 33%.
Temporary contracts to foster employment (<i>Contrato temporal de fomento de empleo</i> (1-3 years))		<ul style="list-style-type: none"> - Social security tax: EUR 4,500 to EUR 6,300 per year depending on the level of disability of the employee - Incentives for workplace adaptation.
Formational contracts	For training and learning	<ul style="list-style-type: none"> - 100% reduction of all social security contributions in companies with less than 250 employees. - Reduction of 75% of all social security contributions in companies with more than 250 employees. - Likewise, the employment contracts will be bonded to 100% of the contributions of the workers to the social security during the whole term of the contract, including its extensions.
	Internships	<ul style="list-style-type: none"> - Contribution of 50% of the business contribution to Social Security for common contingencies in internship contracts. - Reduction of 75% of the business contribution to Social Security for the contracts in internships that are formalized with workers who are performing non-labour practices covered by Royal Decree 1543/2011, provided that the worker is under 30 years of age. - If the duration of the contract is equal or superior to twelve months, the company may request subsidies for the adaptation of the post, elimination of barriers or provision of personal protection means. - For transformation of the contract to the end of its initial or extended duration, whatever the date of its conclusion, reduction in the employer's social security contribution for three years of EUR 500 per year (EUR 700 per year for women).
	Interim Contract (<i>Contrato de interinidad</i>)	<ul style="list-style-type: none"> - 100% of the business contribution to Social Security during the term of the contract.
CEEs		
Grants for instalment/expansion of CEEs		<ul style="list-style-type: none"> - Grants to partially finance projects that generate employment (creation or expansion of CEE) with the following amounts: <ul style="list-style-type: none"> - EUR 12,020 per position created, if the number of workers with disabilities in the workforce exceeds 90%. - EUR 9,015 per position created, if the number of employees in the workforce is between 70% and 90%. Intended for: <ul style="list-style-type: none"> • Technical assistance (studies, viability, audits etc.) • Interest of loans contracted with financial entities that have agreements in this regard, (up to a maximum of three points on the interest rate hired). • Fixed investment in projects of recognized social interest.
Grants for retaining employment		<ul style="list-style-type: none"> • 50% Inter-professional guaranteed minimum wage (SMI). • 100% quota bonus alongside workplace arrangements for work adaptation. • Work adaptations up to EUR 1,800 per person with disability. • Technical assistance up to 100% of the cost: studies, audits, viability etc.
Grants for Support Units		<ul style="list-style-type: none"> - Aid for support teams ('Support Units') that coach and assist persons with disabilities – including their families – in CEEs beyond employment. Support for such units covers wage costs of coaches and support staff and can reach up to EUR 1,200 per person with disability (more specifically, persons with intellectual disability or mental health

	problems with a degree of disability over 33% or people with physical or sensorial disability with a degree of disability equal or over 65%). The establishment of these units is mandatory to CEEs.
Support for transition from sheltered to open market	
Enclaves laborales (when open market companies contract groups of CEE workers for certain tasks)	<ul style="list-style-type: none"> - For each indefinite full-time contract to a person with severe disability, the employee will receive EUR 3,907 per year. - From EUR 4,500 to EUR 6,300 per year depending on the level of disability of the employee.

Source: compiled by authors from various sources.

Job generation

According to 2016 data, there were slightly more than 1,8mn working age persons with disabilities registered with the Spanish Public Employment Services. This represented round 6% of total population in Spain¹²⁷. Out of all working-age persons with disabilities, 462,000 of them were employed, which translated into an overall employment rate of around 25% (see Table 24).

Table 24. Employment trends of persons with disability in Spain including those in CEE.

Indicator	2016
Working age (16-64 year old) persons with disability (total)	1.84mn
Employed persons with disability (total)	462,000
Employed persons with disability (% of working age persons with disability)	25

Source: Observatorio sobre Discapacidad y Mercado de Trabajo en España¹²⁸.

While Spain has a broad range of policies supporting employment of people with disabilities in the open labour market, CEEs play an important role in providing employment for this target group. As of 2017, there were 2,215 CEEs in Spain employing around 64,400 persons with disabilities. According to 2017 data, 17% of all employed disabled people in Spain were working in CEEs. Moreover, during the year 2017, CEEs signed 77,677 employment contracts with persons with disabilities¹²⁹. While this is an important figure highlighting the significance of CEEs in providing employment for persons with disabilities, the number of contracts does not equate to the number of people actually employed as a single person may sign more than one temporary contract.

CEEs operate in a wide variety of sectors: they are active in gardening and cleaning/laundry services, cooperate with companies from the automotive industry (for example Peugeot, Ford or Renault), offer logistic services and operate hotels. Moreover, there is a growing trend for CEEs to support the green economy and rural development, with a common feature being that CEEs develop around disabled people's needs in the territory where they live. As a result, CEEs often support persons with disabilities through all aspects of their lives, beyond employment.

Work integration schemes – 'employment settlements' (enclaves laborales)

Many CEEs operate as subcontractors to other companies operating in the open labour market. The so-called 'employment settlements' allow persons with disabilities employed in CEEs to be transferred to a regular company for a period up to 6 years. These 'settlements' have three-fold goals. The first is to seek to help

¹²⁷ Servicio Público de Empleo Estatal, 2018. 'Informe del Mercado de Trabajo de las Personas con Discapacidad Estatal', Datos 2017. Available at: http://www.sepe.es/contenidos/observatorio/mercado_trabajo/3070-1.pdf

¹²⁸ Observatorio sobre Discapacidad y Mercado de Trabajo en España, 'Banco de datos: Integración laboral y tendencias del mercado de trabajo'. Available at: <http://www.odismet.es/es/datos/1integracin-laboral-y-tendencias-del-mercado-de-trabajo/104tasa-de-empleo-de-la-poblacin-con-discapacidad/1-5/>

¹²⁹ Servicio Público de Empleo Estatal, 2018. 'Informe del Mercado de Trabajo de las Personas con Discapacidad Estatal', Datos 2017. Available at: http://www.sepe.es/contenidos/observatorio/mercado_trabajo/3070-1.pdf

workers get employed in open-market companies. Second, they help regular companies to get acquainted with the skills and capacities of CEE workers. Third, they help fulfil the quota requirements foreseen for disabled workers. Nevertheless, for now there is no data of how many people actually transition into the open labour market afterward the 'employment settlement' scheme. Anecdotal evidence suggests that the percentage of such transitions is very low. Open labour market macro-level conditions may be playing a considerable role in this regard, with employment levels still being significantly below that of pre-crisis rates.

Finally, the workers of CEEs hold regular employment contracts and are officially considered as 'employees'. Aside from that, there is currently no specific legal status for disabled people in Spain. However, the Spanish legislation guarantees that disabled people can benefit from a number of specific measures such as tax deduction, early retirement and specific health care provisions.

Training

Despite financial support from the state, the training of disabled people is often left for the CEEs or, in a broader sense, associations of persons with disabilities. Such associations usually oversee different steps of integration of persons with disability to the labour market, including vocational training and technical guidance as well as proposing employment (often in CEEs established by the same association) (see Supported employment).

The emergence of non-profit private employment agencies in Spain encouraged the direct involvement of disability organisations in vocational guidance and job placement. These employment agencies – often established by disability organisations themselves – design work placement 'itineraries', starting with a skill assessment of the disabled job seeker as well as discussing and developing his/her career aspirations. Based on this assessment, the person goes on to pursue relevant training or receive guidance in the job application process¹³⁰.

The training of workers usually takes place under the initiative and oversight of the employing company and often with the help of supported employment companies (see Supported employment).

Financial sustainability

The majority of CEEs are profitable. When registering, each CEE must prepare a financial sustainability plan that demonstrates its viability even without public support. In some cases, public authorities approve only a part of the support package available to the newly opened CEEs. Nevertheless, the social initiative-CEEs have more troubles assuring their financial survival and are more dependent on the public financing.

A European Commission study indicates that public tenders represent the largest source of income for organisations that are engaged in employment of persons with disabilities in Spain¹³¹. The financial base for this funding is the EU funds (around 50%), Central Government and regional communities. Another source of income is private tenders by large companies (often banks, oil companies etc.) with social budgets. Finally, some income come from private donations, particularly to 'supported employment' schemes. In addition, a small part of income comes from the Ministry of Labour, while several projects have also (had) European funding through ESF, Leonardo and Horizon programmes.

¹³⁰ European Blind Union, 'Spain – Article 27'. Available at: <http://www.euroblind.org/convention/article-27/spain>

¹³¹ European Commission, 2012. 'Supported employment for people with disabilities in the EU and EFTA-EEA. Good practices and recommendations in support of a flexicurity approach'. Study report. Brussels, European Commission, 2011. Available at: <https://publications.europa.eu/en/publication-detail/-/publication/b270b26a-bb7f-40d7-8883-53c78e436b5b>

CEEs have proven to be an efficient instrument for public intervention in Spain. According to a study commissioned by the ONCE Foundation, for each euro invested in them, there is an estimated return on investment of EUR 1.44¹³². This rate is higher in certain territories such as Castilla y León, where CEEs enjoy an estimated return of EUR 1.7 per one euro invested.

Spain case study company: Ilunion Hotels

FACTBOX	
- Mission:	Develop innovative business activities that favour the labour inclusion of people with disabilities, maintaining the balance between economic and social values.
- Year established:	1988.
- Legal type:	Private company.
- Principal area of activity:	accommodation, tourism (in total 26 hotels, of which 11 are CEEs)
- Geographic scope of operations:	Spain: Barcelona, Valencia, Zaragoza, Bilbao, Sevilla, Malaga, Cadiz, Huelva, Menorca, Gerona, Badajoz and Merida.
- Total number of employees (staff):	As for December 31, 2017 – 959 employees (summer time – around 1300), of whom around 37-40% were persons with disabilities.
- Support staff:	there are two different types of support staff: technical support assistants (tecnico de apoyo) – all with disabilities, responsible for social integration, problem solving, documents (in total, there are 6 for all hotels). Also support supervisors (monitor de apoyo) – majority of whom are heads of departments, chefs in restaurants etc. Most of them have no disabilities (each hotel has 4-5 such supervisors).
- Annual turnover:	EUR 106 mn in 2018
- Membership in associations:	ONCE Social Group

EMPLOYMENT	
Target group	People with various disabilities, including physical, sensorial, intellectual and others.
Nature of work	The hotel group offers work roles for disabled people jobs according to their abilities and qualifications. For example, they work in the kitchen, laundry or room service, hotel maintenance, central administration, HR office etc. Out of 26 hotels, 11 are CEEs, where at least 70% of employees have disabilities. In the remaining 15 hotels, at least 30% of staff have disabilities.
Differentiation due to the level of disability	Some differentiation, for example in cases when there are some specific job requirements (e.g. to be on foot etc.). All hotels are fully adapted both to customers and staff with disabilities.
Changes in number of employees	The number of employees is constantly growing in line with the rising number of hotels. There are plans of further expansion.
Long-term or transitional employment	In general, the hotel group offers long-term stable employment.
Type of contracts	Persons with disabilities have regular employment contracts. They are paid the same as non-disabled employees in the hotel sector.
Mechanisms and incentives facilitating the transition of persons with disabilities into the 'open labour market'	Mobility between hotels within the Ilunion network is encouraged, but transition to the 'open labor market' is not a goal in itself.
TRAINING	

¹³² Fundación ONCE, 2013. 'Los Centros Especiales de Empleo (CEE) general EUR 1.44 por cada euro percibido de la Administración'. Available at: <https://www.fundaciononce.es/es/noticia/los-centros-especiales-de-empleo-cee-generan-144-euros-por-cada-euro-percibido-de-la>

Work-related training: nature, length, any other important aspects	<p>- Certain pre-employment training is offered by the assisted employment company belonging to the ONCE group. They help to choose the right candidates from the pool of available people, and offer certain training in case needed (e.g. they organize courses about working in the restaurant, kitchen etc.). Nevertheless the majority of training is offered by the colleagues while on job.</p> <p>- The so-called 'support technicians' (técnicos de apoyo) offer some extra job skills – organize trips to get to know the cities where people work, help them with claiming benefits and arranging their employment documents, assist in general life planning.</p> <p>- Meanwhile their direct supervisors – 'support monitors' (monitores de apoyo) are helping them to integrate directly to their work place (e.g. overseeing their work in restaurant kitchen or restaurant).</p>
Who trains the employees	Pre-employment – supported employment company (general courses). During employment – the co-workers and support staff.
Recognition of training	Participants do not any certificates after completing the training, although that would be useful.
Comments/suggestions	<p>The company believes it has a sustainable model of business: disabled workers earn the same salary as other workers, while the hotels ensure adapted working environment, assistance in fulfilling their work tasks as well as support for social integration.</p> <p>One of the concerns is the need for employees in the tourism sector to know foreign languages, which may be more challenging to persons with disabilities.</p>
SUSTAINABILITY	
Profitability	The hotels are profitable and expanding.
State support	<p>- More than 90% of revenues come from commercial activities. The company would survive without state/public support, but it would not be able to employ so many disabled workers or to offer such holistic integration and support schemes. For example, all hotels are fully adapted to persons with disabilities and the majority of costs for that are borne by the hotel company.</p> <p>State support is vital for the ability to offer good working conditions, create training schemes and maintain competitiveness. While persons with disabilities are good employees, they are not always able to maintain the same productivity level as persons without disabilities.</p> <p>There is also a need for better publicity to educate people about the value added of such enterprises as Ilunion Hotels. If potential clients knew about the sustainable and inclusive business model adopted by the hotel, they might prioritize it over the others. Thus effective marketing is key for social economy enterprises to prosper.</p>
IMPACT	
Success in realizing the company's mission	The company is successful as it is growing thanks to the expanding tourism sector across Spain. Increasingly more people with disabilities are employed under equitable and decent conditions. Moreover, the Ilunion hotel network is the only hotel group in Spain that is 100% adapted to guests and staff with disabilities. The effort is made and even non-disabled workers would know how to treat guests and colleagues with disabilities (for example, learning the sign language). All of this requires financial investment and vision. Despite all of the additional investments, the hotels are functioning and are profitable. This leads to the conclusion that they are successful.
The biggest achievements	<p>The opportunities created for different groups of vulnerable workers:</p> <p>- The company provided an opportunity to a young disabled person who was not accepted to any of the hotels in his area despite having studies in the area of tourism. Now he works in the administration of hotels.</p>

	<ul style="list-style-type: none">- The hotel has a kitchen adapted for a chef who uses crutches; even the non-disabled staff is trained to work with disabled guests and colleagues.- The hotel group is providing jobs for people who due to disability (sometimes acquired while working) lost their jobs.- Finally, the company is not only providing employment, but also offers opportunity for career advancement. Some persons with disabilities are promoted to managerial positions.
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4. Performance of employment models in relation to UN CRPD Article 27

Having presented seven different employment models within social economy for persons with disability in five EU Member States above, in this chapter we explore the extent to which the identified models in this study align to selected principles of Article 27 of UN CRPD.

United Nations Convention for the Rights of Persons with Disabilities

The UN CRPD is an international human rights treaty adopted by the UN in 2006. It could be regarded as a human rights instrument with the purpose 'to promote, protect and ensure the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities, and to promote respect for their inherent dignity'¹³³. Work is a fundamental human right and Article 27 of UN CRPD outlines the core principles the signatories of the convention must uphold to ensure the realisation of this right (see Box 1 below).

It is important to note that the UN CRPD is a legally binding document ratified by all 28 EU Member States and the EU itself. As parties to the UN CRPD, both the EU and individual Member States have monitoring mechanisms for the implementation of the convention. Moreover, the UN CRPD is one of the key documents informing the European Disability Strategy (EDS) 2010-2020. In terms of employment, the EDS sets an objective to 'enable many more people with disabilities to earn their living on the open labour market'¹³⁴.

Combining social and economic objectives, social economy enterprises play an important role in supporting labour market inclusion of persons with disabilities across the EU (see Chapter 2)¹³⁵. In this way they directly contribute towards the implementation of the objectives set in the EDS as well as Article 27 of UN CRPD. However, there is a lack of comparative information on how different employment models within social economy for persons with disabilities align to Article 27 of UN CRPD and this study aims to at least in part fill this gap.

Box 1. UN CRPD Article 27 – Work and employment.

1. States Parties recognize the right of persons with disabilities to work, on an equal basis with others; this includes the right to the opportunity to **gain a living by work freely chosen or accepted in a labour market and work environment that is open, inclusive and accessible to persons with disabilities**. States Parties shall safeguard and promote the realization of the right to work, including for those who acquire a disability during the course of employment, by taking appropriate steps, including through legislation, to, inter alia:

a) Prohibit discrimination on the basis of disability with regard to all matters concerning all forms of employment, including conditions of recruitment, hiring and employment, continuance of employment, career advancement and safe and healthy working conditions;

b) Protect the rights of persons with disabilities, on an equal basis with others, to just and favourable conditions of work, including equal opportunities and **equal remuneration for work of equal value**, safe and healthy working conditions, including protection from harassment, and the redress of grievances;

c) Ensure that persons with disabilities are able to **exercise their labour and trade union rights on an equal basis with others**;

¹³³ United Nations. Convention on the Rights of Persons with Disabilities (CRPD) Article 1. Available at:

<https://www.un.org/development/desa/disabilities/convention-on-the-rights-of-persons-with-disabilities/article-1-purpose.html>

¹³⁴ European Commission, 2010. 'European Disability Strategy 2010-2020: A Renewed Commitment to a Barrier-Free Europe', Brussels, 15.11.2010 COM(2010) 636 final.

¹³⁵ EASPD, 'Declaration on social economy enterprises', November 14, 2018. Available at:

http://www.easpd.eu/sites/default/files/sites/default/files/easpd_declaration_on_sse.pdf

d) Enable persons with disabilities to have effective access to general technical and vocational guidance programmes, placement services and vocational and continuing training;

e) Promote employment opportunities and career advancement for persons with disabilities in the labour market, as well as assistance in finding, obtaining, maintaining and returning to employment;

f) Promote opportunities for self-employment, entrepreneurship, the development of cooperatives and starting one's own business;

g) Employ persons with disabilities in the public sector;

h) Promote the employment of persons with disabilities in the private sector through appropriate policies and measures, which may include affirmative action programmes, incentives and other measures;

i) Ensure that reasonable accommodation is provided to persons with disabilities in the workplace;

j) Promote the acquisition by persons with disabilities of work experience in the open labour market;

k) Promote vocational and professional rehabilitation, job retention and return-to-work programmes for persons with disabilities.

2. States Parties shall ensure that persons with disabilities are not held in slavery or in servitude, and are protected, on an equal basis with others, from forced or compulsory labour.

Source: United Nations. This study focuses on the underlined and bolded aspects of the article.

Alignment to the five key elements of UN CRPD Article 27

Table 25 below summarises the alignment of the identified employment models with the five above-underlined elements of Article 27 of the UN CRPD.

Table 25. Key aspects of UN CRPD Article 27 in the identified employment models in social economy for persons with disabilities.

	Remuneration	Trade union rights	Reasonable accommodation	Access to vocational and technical guidance	Work in open labour market
Belgium (Flanders) – custom work companies	PWDs receive regular salaries. They hold regular employment contracts and standard provisions on minimum wage, working hours, holidays etc. apply.	PWDs hold regular employment contracts and have the same rights as all employees, including labour and trade union rights.	Physical workplaces and environments are generally adapted to the needs of PWDs. However, it is becoming challenging as the companies hire persons with increasingly more extensive support needs.	Vocational training and technical guidance is provided mostly in-house and on-the-job. External providers are hired as needed. After completion of training, PWDs do not receive any officially recognised certificates or diplomas.	PWDs usually work in sheltered environments, but some aspects resemble open labour market. Enclave employment in regular companies is available. Transition rates to open labour market are low.
Germany (workshops for persons with disability)	PWDs do not receive a regular salary – only small remuneration (EUR 181 as of 2014). In addition, PWDs receive various state benefits for housing, transportation, medicine etc.	Workshop users have the same trade union rights as other persons in Germany. Despite the fact that workshop users are not considered as employees, they also have the same labour rights as others, but not the duties.	Physical workplaces and environments are adapted to the needs of PWDs. Workshop users also have access to individually-tailored supervision and support.	Most workshops have in-house vocational training departments. A holistic training programmes – including work, social and personal aspects – are available. Training usually lasts 2 years.	While workshops for persons with disabilities are obliged by law to support every user in their professional development with the ultimate aim to transition into the open labour market, the actual rate of transitions is very low.
Germany (inclusion enterprises)	PWDs hold regular employment contracts, which entitle them to at least a minimum salary.	PWDs have all labour and trade union rights as other employees in Germany.	Physical workplaces and environments are adapted to the needs of PWDs. Employees also have access to individually-tailored supervision and support.	Vocational training and technical guidance is provided mostly in-house and on-the-job. After the training, employees do not receive any widely recognised certificates or diplomas.	Although inclusive enterprises must employ 30-50% of persons with disabilities, their work environment could be considered as largely inclusive and resembling open labour market.
Lithuania – social enterprises	Most PWDs hold regular employment contracts and receive regular salaries. Standard provisions on minimum wage, working hours, holidays etc. apply.	PWDs employed in social enterprises do have labour and trade union rights. There is one trade union in Lithuania representing the rights of all PWDs – not only those	Although social enterprises are eligible to financial support from the state for physical workplace adaptation, only a part of them offer reasonable accommodation. Tailored	Limited provision of vocational and technical guidance. Most social enterprises offer very basic on-the-job training. After the training, employees do not receive	PWDs usually work in sheltered and segregated environments. Transition rates to the open labour market are low and, in fact, are not encouraged.

		employed in social enterprises.	supervision and support is also insufficient.	any widely recognised certificates or diplomas.	
Norway work preparation training (AFT) ¹³⁶	Participants hold temporary employment contracts, but are not considered as employees and do not receive a salary. Instead, they are entitled to financial benefits from PES.	Participants in this scheme are not considered as employees hence they do not have labour rights.	Physical workplaces and environments are adapted to the needs of PWDs. Workshop users also have access to individually-tailored supervision and support throughout the training.	The AFT scheme is focussed on vocational training and guidance. Excellent performance in this area.	After completing the training programme, around 26.6% of participants transition to work. The scheme also promotes work experience in the open labour market.
Norway – permanently adapted work (VTA) ¹³⁷	Participants are considered as permanent employees hence they are covered by the collective employment agreement, regular employment conditions etc. However, their main source of income is disability pension provided by the state. Additional salary may be paid by employer, but it tends to be rather low.	Participants in this scheme are considered as employees and they have trade union rights as all other employees in Norway.	Physical workplaces and environments are adapted to the needs of PWDs. Employees also have access to individually-tailored supervision and support.	The VTA scheme focuses on work practice in sheltered environment. Development of work-related skills and qualifications is done on-the-job. Participants are regularly assessed whether they need training and can be transferred to more training-oriented measures. After the training, employees do not receive any widely recognised certificates.	Participants are regularly examined whether they are ready to transition to the open labour market. Around 11% of them successfully transition to the open labour market. There is a possibility to acquire work experience in the open labour market through a maximum 6 month-long ‘enclave’ programme. VTA scheme can also be implemented by regular companies.
Spain – special employment centres (CEE)	PWDs hold regular employment contracts and receive regular salaries.	PWDs employed in CEEs do have trade unions rights and participate in the activities of trade unions.	PWDs comprise at least 70% of workforce in CEEs. Hence physical workplaces and environments are adapted to the needs of PWDs. Employees also have access to individually-tailored supervision and support	CEEs focus on work practice in sheltered environment. Development of work-related skills and qualifications is done on-the-job. After the training, employees do not receive any widely recognised certificates.	There is an ‘employment settlement’ scheme allowing PWDs to work in regular enterprises (open labour market) up to 6 years. However, anecdotal evidence suggests that transition rates to the open labour market are very low.

¹³⁶ The AFT scheme is not exclusive to persons with disabilities and other vulnerable groups on the labour market may participate.

¹³⁷ The VTA scheme is not exclusive to persons with disabilities and other vulnerable groups on the labour market may participate.

Below we provide some reflections in relation to how the countries and employment models under study fare in relation to the below five key elements of Article 27 of UN CRPD that are particularly relevant for the employment of persons with disability within social economy organisations.

Remuneration: Article 27 of the UN CRPD (section b) underlines the importance to protect the rights of persons with disabilities [...] including ‘equal remuneration for work of equal value’. In other words, signatories to the convention must ensure that all persons with disabilities receive a decent and equal remuneration for their work as persons without disabilities.

Pay in all employment models under study is associated with the contractual arrangements with participants in the employment schemes. A key difference in this respect is whether persons with disability in WISEs are in effect considered as employees or rather users of a (sheltered employment or training) services. In the cases where employee status applies, all employment models under study feature decent (aligned with national minimum wage) remuneration that corresponds to the type of work performed. However, in cases where persons with disabilities are considered as ‘users’ of services or ‘participants’ in measures organised by WISEs, remuneration for work is usually set by the state and tends to be lower than the official minimum wage. This low pay, however, is usually completed by a package of state-funded services (accommodation, transportation, medical care etc.) available for persons with disabilities.

In general, the latter type of arrangements are less closely aligned with the decent pay principle implicit in Article 27 of the UN CRPD. For example, of the overviewed models, the German sheltered workshops and Norwegian AFT work preparation training do not feature remuneration corresponding to at least the minimum wage. Pay associated with sheltered employment in Germany (EUR 181 EUR per month as of 2014) could be seen as not, in itself, aligned with the UN CRPD in this respect. However, in Norway’s AFT training scheme which by design facilitates transition of persons with disabilities into the open labour market, the lack of a separate remuneration aside from benefits from the Public Employment Service is not problematic in this respect as it is more a training model rather than employment per se; hence there is no issue with alignment to the UN CRPD. From this example, the *explicit aim and duration* of the employment model must be taken into account when considering whether or not remuneration that corresponds to it can be seen as decent and sufficient.

Trade union rights: UN CRPD Article 27 (section c) refers to the obligation of parties to the UN CRPD to ensure that persons with disabilities have and exercise ‘their labour and trade union rights on an equal basis with others’. In this context, labour rights include legal rights concerning labour relations between workers and their employers, while trade union rights refer to their rights of employees to join any trade union at free will.

Similarly to the aspect of remuneration, access to and exercise of labour and trade union rights in the overviewed models depends largely on the contractual arrangements between social economy organisations and persons with disabilities. In most employment models covered in this study persons with disabilities have formal employment contracts with social economy organisations thus giving them access to full labour and trade union rights in that country. This holds true in German workshops for persons with disabilities as well despite the fact that workshop users are not considered as employees in legal terms and hold ‘employee-like

status'¹³⁸. In fact, persons with disabilities in German workshops have certain concessions compared to other employees as they cannot get dismissed for not showing up for work or due to low productivity. Meanwhile, the situation is different in Norway's work preparation training (AFT) model, where persons with disabilities do not hold employment contracts with work inclusion companies hence access to labour rights does not apply¹³⁹. However, considering that the AFT scheme explicitly focuses on training rather than employment and is of a limited duration, this should not be considered as problematic in relation to alignment with Article 27 of the UN CRPD.

Reasonable accommodation: UN CRPD Article 27 (section i) urges the signatories to provide reasonable accommodation to persons with disabilities in the workplace. According to the United Nations, 'reasonable accommodation means necessary and appropriate modification and adjustments [...] to ensure to persons with disabilities the enjoyment or exercise on an equal basis with others of all human rights and fundamental freedom'¹⁴⁰. In practical terms, reasonable accommodation entails aspects such as physically accessible workplaces and environments, technical solutions, flexible working arrangements, provision of tailored supervision or support etc.¹⁴¹.

Provision of reasonable accommodation for persons with disabilities in employment could be considered as one of the strengths of social economy organisations and WISEs in particular. Most of the overviewed employment models in this study pay considerable attention to various aspects of reasonable accommodation, including workplace adaptation, flexible working arrangements, transportation to and from the workplace, individually-adapted training and support schemes, etc. In fact, national-level legislation in all 28 EU Member States and Norway requires employers to provide reasonable accommodation for persons with disabilities in employment¹⁴². These requirements are often accompanied by financial incentives or subsidies to employers. In case of social economy organisations that seek inclusion of persons with disabilities into the labour market, these requirements for reasonable accommodation – and state support available for their implementation – tend to be even more specific and extensive. For example, all social economy organisations overviewed in this study are eligible for state financial support for workplace adaptation.

Despite legislative requirements and support schemes, the actual responsibility to implement the measures ensuring reasonable accommodation at work rests with employers. This may leave room for inconsistencies and underperformance. For example, in the 2014-2016 period, Lithuanian social enterprises had barely tapped government funds available for employee transportation, training or workplace adaptation. This indicates that certain aspects of reasonable accommodation may not be fully implemented in this particular model.

Access to vocational and technical guidance: section (d) of Article 27 of the UN CRPD Article 27 requires signatories to 'enable persons with disabilities to have effective access to general technical and vocational guidance programmes, placement services and vocational and continuing training'. While such services are also provided by public employment services or specialised state-run or private

¹³⁸ Interview with the representative of BAG WfbM.

¹³⁹ Interview with the representative of ASVL.

¹⁴⁰ United Nations – Disability. Department of Economic and Social Affairs. Available at:

<https://www.un.org/development/desa/disabilities/convention-on-the-rights-of-persons-with-disabilities/article-2-definitions.html>

¹⁴¹ Ferraina, S., 2012. 'Analysis of the Legal Meaning of Article 27 of the UN CRPD: Key Challenges for Adapted Work Settings'. EASPD.

Available at: <https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1559&context=gladnetcollect>

¹⁴² DG Justice and Consumers, 2016. 'Reasonable accommodation for disabled people in employment.

A legal analysis of the situation in EU Member States, Iceland, Liechtenstein and Norway'. Available at:

<https://publications.europa.eu/en/publication-detail/-/publication/ada7afd0-57ab-4495-8b03-f11757c561f6>

institutions, employers – including those in social economy sector – must ensure access to them by any means necessary.

All overviewed models feature some type of training for persons with disabilities. Some of the overviewed models have a more explicit focus on training than others – for example Norway’s work preparation training (AFT) can be seen more as a training than employment model and features a comprehensive training scheme including work placement and follow-up in the labour market. Also, workshops for persons with disabilities in Germany have dedicated departments of vocational training aimed at systematically developing both professional and life skills of its users. Other models – such as the Lithuanian social enterprises or Flemish custom work companies – place more focus more on work-specific activities and offer largely informal on-the-job training.

A key issue when considering access to training is whether there are incentives for social enterprises employing persons with disabilities to offer training and whether they are actually used. Some models from the regulatory perspective leave the need and extent of training to be offered to persons with disabilities at the discretion of employers. For example, in the Lithuanian social enterprise model, companies are eligible for considerable state support for providing vocational training services for persons with disabilities, but the extent to which such training is actually organised is very low. In this sense, the Lithuanian social enterprise model as can be seen from the current discourse around the model and interviews with government, NGO and social enterprise representatives, as less aligned with Article 27 of the UN CRPD.

Finally, few of the overviewed models feature *official certification or recognition* of training provided – while a burdensome task for the regulatory bodies, there is some evidence to suggest that recognition of training whether within the social enterprises or by an external training body would be beneficial both to ensure access to training and to the open labour market for persons with disabilities.

Work in open labour market: section (j) of UN CRPD Article 27 highlights the importance for persons with disabilities to acquire work experience in the open labour market. While the UN convention does not provide a definition of the ‘open labour market’, we consider it as inclusive working environment in regular enterprises as opposed to sheltered/protected work settings that are often segregated and provide poor quality and repetitive work¹⁴³.

Most of the overviewed models in this study provide opportunities for persons with disabilities to acquire work experience in the open labour market. Usually such opportunities are offered through ‘enclave’ schemes that allow persons with disabilities to try working in regular companies operating in the open labour market with tailored individual support. Some form of ‘enclave work’ is offered by Flemish custom work companies, German workshops for persons with disabilities, Norwegian work preparation training and permanently adapted work measures as well as Spanish special employment centres. In case of the latter model, the duration of ‘enclave’ work can last up to six years, while in Flanders the duration is unlimited. As a result, it is possible for persons with disabilities to work *de facto* in the open labour market while *de jure* being employees of social economy organisations. This evident tension based on overviewed discourse between an ideological push towards integration of persons with disabilities into the open labour market and the reality on the ground of WISEs that aim to instead best accommodate to the needs of persons with disabilities themselves.

¹⁴³ Mental Health Europe, ‘Toolkit on article 27 of the UN CRPD’. Available at: <https://mhe-sme.org/wp-content/uploads/2017/09/Toolkit-on-article-27-of-the-UNCRPD.pdf>

Some models explicitly mention the transition of persons with disabilities into the open labour market as their ultimate aim. In case of German workshops for persons with disabilities, they even have a legal obligation to promote the transition to the open labour market through appropriate measures for suitable persons. However, our findings show that actual transition rates in most models are rather low. For example, only a few percent of persons with disabilities successfully transition into the open labour market from Flemish custom work companies and German workshops. Anecdotal evidence suggests that the situation in Spanish special employment centres is very similar. While both Norwegian schemes show considerably higher rates of transition into the open labour market, it must be noted that these schemes target not only persons with disabilities, but other vulnerable groups on the labour market too. Based on the interviews with WISEs implementing these models, multiple factors may hinder transitions, including the nature/severity of disability, and, importantly, the disposition of the persons with disabilities themselves. While no systematic evaluation on this available, anecdotal evidence based on interviews, for example in the case of Spanish CEEs, suggest that many workers in these centres would not prefer to instead be in the open labour market.

Finally, the Lithuanian social enterprises model as can be seen from the current discourse around the model and interviews with government, NGO and social enterprise representatives, is insufficiently aligned with Article 27 of UN CRPD in this area. This was also noted in the 2016 observations of the UN's Committee on the Rights of Persons with Disabilities, which recommended to *'develop and implement efficient strategies and programmes aimed at increasing the employment rate of persons with disabilities in the open labour market, by eliminating segregated work environments such as social enterprises'*¹⁴⁴. The employment model has not changed since 2016 and at the time of drafting this report in late 2018 did not feature specific incentives or schemes promoting employment of persons with disabilities in the open labour market.

¹⁴⁴ United Nations Committee on the Rights of Persons with Disabilities, 2016. 'Concluding observations on the initial report of Lithuania'. May 11, 2016, CRPD/C/LTU/CO/1. Available at: https://tbinternet.ohchr.org/_layouts/treatybodyexternal/Download.aspx?symbolno=CRPD%2fC%2fLTU%2fCO%2f1&Lang=en

5. Conclusions

The final chapter offers key insights stemming from this largely descriptive study on employment models for persons with disabilities in social economy across the EU.

Social economy enterprises play an important role in providing employment in the EU, yet they still hold a lot of untapped potential to ensure the right to work for persons with disabilities. The social economy sector provided paid employment to more than 13mn people or around 6% of the working population in the EU-28 in 2015 – while this figure includes other vulnerable groups in the labour market, it reflects also the employment of persons with disabilities in this sector. This means that, on average, the social economy sector represents a much needed ‘top up’ in addition to the employment rates of persons with disabilities in the open labour market, which in most of the EU, and more so in the newer Member States, lags behind that of the overall workforce. Whether or not this ‘top up’ can be considered sufficient or modest depends on the aims of the EU and specific Member States in relation to reliance on this sector for employment of persons with disabilities.

However, the assessment of merits or lack thereof of WISEs in employing persons with disabilities in specific Member States are complicated by the **lack of up-to date statistics on employment trends of persons with disabilities in the EU** - the latest Eurostat data release on the specific situation of persons with disabilities in the EU-28 reflects the status quo in 2011. Moreover, there is no comparable EU-wide data on employment of persons with disabilities within the social economy sector. This significantly complicates any objective assessment of these models and the role they have in national and EU contexts. In addition, any assessment and comparisons of the success of employment of persons with disability in the EU Member States must account also for macro-economic factors, including but not limited to the overall employment rate.

Of importance for policy is the fact that there is a large **diversity of employment models for persons with disabilities within social economy in the EU**. This diversity must be taken into account when assessing and comparing their performance. Social economy organisations operating in the area of work inclusion vary greatly in many dimensions, not least because there are varying definitions of ‘social economy enterprise’ or ‘disability’ among the EU Member States as well as unique national employment and social protection systems. In some cases social enterprises work like non-profit companies that provide services of inclusion for persons with disabilities as an extension of the state welfare system, in others they are run as businesses that can mostly cover their costs. This is not to say that non-profit type organisations are not necessary, however, the support for these different types of organisations should be tailored to their specific type.

Assessment of financial sustainability of WISEs must account for both financial and social value created. The discussion on financial sustainability of WISEs in some cases is limited to the extent to which they are able to cover their costs, and, in turn, the extent of public support they require for subsistence. However, the public cost of services offered by WISEs should take into account the broader social good they create. Important in this respect are the costs for the state that are averted by successfully employing, for example, persons with severe disability who would otherwise require day care among other services to ensure their livelihoods.

However, there is no tested and widely accepted methodology for assessing the cost-benefit or social return on investment of WISEs. While the desk research and interviews revealed some examples of assessment of social return on investment (SROI) of studied employment models for persons with disabilities, the methodologies used are not readily available for the public nor scrutinized and replicated in other countries and employment models to take such measurements to scale and use for systematic comparative assessment of different models.

Financial sustainability of WISEs and promotion of transition to the open labour market seem to be hardly compatible aims and it may be misguided to expect both of the same employment models. Some of the models overviewed in this study – namely CEEs in Spain, custom work companies in Flanders, and the Norwegian permanent adapted work scheme – perform well in terms of creating and sustaining employment for persons with disabilities, for many of whom they represent the sole opportunity for work. This requires a good business model that ensures that value is created and sustained for real-world clients while at the same time meeting the needs of persons with disabilities that constitute much of the workforce. However, these models are not successful examples of promoting transition to the open labour market. The latter requires an altogether different model, that is focused on financially unsustainable (training-heavy) operations in the short-term, with the view of promoting transitions to the open labour market. The Norwegian AFT training scheme is a good example of this, but not of financial sustainability, as the systematic customized training and support for the employment of persons with disabilities in the open labour market that it offers does not easily lend itself to generating income.

Related to the above – there is room to explore innovative state support for employment models that are more market-based, for example by subsidizing costs for marketing. Evidence from interviews with representatives of WISEs suggests there is untapped potential of the European model of social enterprises of better communicating to the client the value of supporting WISEs.

On average, relatively few persons with disabilities transition from WISEs to the open labour market. Except for the Norwegian work preparation training (AFT) scheme, which can arguably be considered a training rather than employment model, very few persons with disabilities in the studied employment models transition from WISEs to the open labour market. Indeed, many WISEs by design aim to create lasting employment for persons with disabilities and do not focus on transitions as such. For example, the Norwegian permanent adapted work scheme seeks to develop skills and competences of persons with disabilities through adapted and facilitated work tasks, while the Spanish special employment centres (CEEs) aim to provide long-term secure employment for persons with disabilities.

WISEs have various sources of income, but state funding is essential for their survival. Most WISEs derive their income from a variety of sources such as the organisation's own commercial activities, private donations, membership fees as well as public funds. Public funds – that come either directly through subsidies or indirectly through various incentive schemes (e.g. tax exemptions) or public service tenders – constitute a considerable and important source of revenue for WISEs. In most of the overviewed employment models, WISEs would not be able to sustain their work integration services to persons with disabilities without public funds or at least would be forced to significantly alter their models of operation and quality of services offered to persons with disabilities. Maintaining such funding is therefore key as WISEs are essentially partners of the state and often provide best practices in relation to workplace adaptation and supported employment.

A key success factor relating to both job generation and financial sustainability for more market-driven models for employment of persons with disability is linked to the success of the business model and the ability of the business to sustainably scale up. To consider numbers only, the bigger a WISE, the more people with disabilities they integrate in the labour market. For example, in the analysed example of a custom work company in Flanders, it was so successful in generating employment in the locale where it operates, that it started 'running out' of persons with disabilities of a lighter degree and had to adapt its model to integrate persons with increasingly severe disabilities in order to scale. Likewise, size may be related to financial sustainability with companies that are able to grow operations based on their given business and employment model are essentially successful in meeting their aims.

The severity of disability, or as referred to in some of the studied employment models ‘the distance to the open labour market’ of persons with disabilities, is a key factor to keep in consideration when designing support for WISEs. A question that merits exploration is whether there are sufficient incentives for employers in different Member States and employment models to employ persons with relatively larger distances to the open labour market. In the overviewed cases for this study, an apparent trend is that in countries with long-standing traditions in the social economy and work integration models for persons with disabilities, WISEs integrate persons with severe disabilities, subsidizing this integration from that of their counterparts with smaller distances to the open labour market and thus lower operational costs for their integration. A good example of this is the Flanders custom work company Waak, which even expanded their model to offer day care services for those persons who are no longer able to work to offer an integrated support model. In other cases, for example the Lithuanian social enterprises, there may be few cases of employing persons with severe disabilities.

Related to the above, the studied employment models for persons with disabilities as can be expected have shown a range in terms of the degree to which they limit their support to that which is contingent for state funding (for example employment of a specific percentage of persons with disabilities) to going above and beyond those minimum requirements to best tailor their services to the needs of persons with disabilities. This has implications for policy, meaning that since there are, in practice, organisations doing more than the employment model foresees, there could be a sliding scale in the support models to encourage further fulfilment of the needs of persons with disabilities for those organisations more specialized in for example supporting the diverse needs of persons with disabilities, as opposed to just creating employment with decent pay.

Widely recognised vocational qualification certificates could facilitate labour market inclusion of persons with disabilities. In most employment models, vocational training forms an integral part of employment integration services provided by WISEs. The contents and settings of vocational training range from very basic and short on-the-job training to extensive specialised training aiming to achieve a formal competence. However, in none of the overviewed models persons with disabilities receive vocational qualification certificates formally recognised by other employers or state institutions. Such certificates – based on the views of some interviewed WISEs – would be beneficial and could facilitate inclusion of persons with disabilities into the (open) labour market or other social economy enterprises.

A factor for success of training schemes for persons with disabilities is the separation of ‘employment’ and ‘training’. For example, the best performer of the overviewed models in terms of transition of persons to the open labour market is the Norwegian AFT work training scheme. The measure constitutes a comprehensive and individually-tailored model that is focused on assessing, building, testing, and supporting skills for work of persons with disability in the open labour market.

Pointers for policy and practice

While this is a descriptive study of a limited scope, the evidence gathered herein sheds light onto some important aspects to address through policy for improvements in the area of work integration of persons with disabilities in the social economy sector.

- There is a need for up-to-date comparable data covering key employment trends of persons with disabilities across the EU, including the social economy sector.

- Relatedly, there is a need for coordination at the EU level of definitions used in relation to persons with disability and social enterprises among EU Member states. This would facilitate a meaningful assessment and comparison across countries.
- The employment situation of persons with disabilities in WISEs and open labour market is little researched – promoting and facilitating more research in this area would provide more evidence for policy.
- There is a general need for assessment, including impact assessment, accounting for the individual experiences of persons with disabilities in different employment models across countries to inform the discourse on the merits or lack thereof of an expanding focus on integration of persons with disabilities in the open labour market.
- Social enterprises regardless of the business model (more non-profit or market-driven) provide an essential work inclusion service for persons with disabilities among other vulnerable groups and require state funding.
- State support for employment models for persons with disabilities could feature a sliding scale model – where some organisations receive minimum support, and others get premiums based on additional ‘achievements’ – for example employment of persons with severe disabilities or catering to the needs of persons whose employment proves not feasible.
- The potential of social economy organisations in facilitating labour market inclusion for persons with disabilities should be acknowledged in the new EU Disability Strategy.

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Interviews

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