



**Cities for Active Inclusion**

## **Social Economy in Cities: Stockholm**

**EUROCITIES NETWORK  
OF LOCAL AUTHORITY  
OBSERVATORIES ON  
ACTIVE INCLUSION**

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### **EUROCITIES-NLAO**

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The EUROCIITIES Network of Local Authority Observatories on Active Inclusion (EUROCITIES-NLAO) is a dynamic network of ten European cities - Barcelona, Birmingham, Bologna, Brno, Copenhagen, Cracow, Lille Métropole - Roubaix, Rotterdam, Sofia and Stockholm - each with a Local Authority Observatory (LAO) within its administration. Their aim is to share information, promote mutual learning and carry out research on the implementation of the active inclusion strategies at the local level.

The ten observatories are coordinated by EUROCIITIES, the network of major cities in Europe, and supported through Inclusive Cities for Europe, a partnership between the European Commission (DG Employment, Social Affairs and Inclusion) and EUROCIITIES.

EUROCITIES-NLAO website: [www.eurocities-nlao.eu](http://www.eurocities-nlao.eu)

# 1. Introduction: social inclusion policy at city level

## 1.1 City context

The city of Stockholm has 820,000 inhabitants. 4% of the population in the city receive social welfare benefits. Half of these beneficiaries give unemployment as the reason for needing benefits. The other half have additional problems, such as substance abuse for example, and are therefore currently unable to work. The unemployment rate in 2009 for those aged 16-64 years was 3.4 %: 3.2 % among women and 3.6 % among men. In 2009, more than one fifth (22%) of foreign born living in Stockholm were unemployed.

Almost 7% of the population in Stockholm received sick-leave benefit in 2008. The high proportion of people in Sweden on sick-leave has been debated extensively in Swedish politics and the media during the last few years. Reforms have been introduced in order to reduce the cost of sick-leave benefits and help people back to the labour market.

There are big differences between different parts of the city in terms of unemployment. In the disadvantaged area of Rinkeby for example, the employment rate in 2007 was only 47%, whereas for the city as a whole, the employment rate was 77%. Even if Stockholm has the best labour market opportunities and the lowest overall unemployment rate in the country, there is still a long way to go until everyone is included on the labour market and into society.

## 1.2 Organisation of social inclusion policy

- **National level:**

Three national authorities are responsible for inclusion policy in Sweden: the Public Employment Service (PES), National Social Insurance Service (NSIS) and the National Board of Health and Welfare.

The overall objective for the PES is to improve the functioning of the labour market by:

- bringing jobseekers and employers together;
- supporting people who are far removed from the labour market;
- contributing to a long-term permanent increase in employment levels.

The NSIS is responsible for a large part of the public social security system: investigation, decisions on benefits, and disbursement of benefits, under the Social Security Act. This includes insurance and contributions to families with children and people who are sick or disabled. With regard to people who are sick, the agency has a broader mission: to coordinate the resources required to rehabilitate people and get them back to work. This requires coordination between the individual, the employer, and the health care and employment services. The goal is to create a rehabilitation chain that leads back to work. The National Board of Health and Welfare is engaged in evaluating, monitoring and supervising social inclusion activities. The authority also formulates guidelines for social inclusion policy.

- **Local level:**

The Social Welfare and Labour Market Administration has a department for overall social policy issues in the city (the 'Avdelningen för stadsövergripande sociala frågor' department). Three other departments work on more specific issues relating to social inclusion:

- Social welfare on a 24 hour basis (Socialtjänstavdelning för dygnetruntverksamhet);
- Social welfare on a daily basis (Socialtjänst för öppen verksamhet);
- Labour market unit (Arbetsmarknadsavdelningen).

All these departments work to develop services that meet social inclusion policies. The services are carried out in the city districts, and are delivered in-house or through private organisations and NGO's. The trend lately is to offer a diversification of providers in order to offer more integrated and personalised services. Private organisations and NGO's have therefore taken over several services originally performed by the city. The trend towards a diversification of providers is a particular phenomena in Stockholm and some other municipalities, but is not significant throughout the rest of the country.

### 1.3 Main policy priorities

For the moment there are three main policy priorities linked to the EU Active Inclusion strategy in the city of Stockholm:

- **Jobbtorg:** A municipal employment service, similar to a job centre, offering integrated, personalised services from different providers. This is the part of an extensive investment to improve the inclusion of vulnerable groups on the labour market in Stockholm.
- **Järvalyftet:** A local development programme in a segregated area with the aim of reducing big socio-economic differences between city districts<sup>1</sup>.
- **Combat homelessness:** Around 3,000 people are homeless in the city of Stockholm. 700 of them are women. There is a roof-over-your-head guarantee, to meet an urgent need for shelters. Otherwise, the city works according to the housing ladder strategy. Recently a 'housing-first' trial on small scale was started, with just 20 clients. The idea is to try new methods and to work in a more integrated way with housing and employment services. If the trial is successful, it can be an extended.

### 1.4 Why the social economy is important

Recently, there have been changes in the labour market. Some groups have a harder time entering the mainstream labour market and consequently, there seems to be a need for an intermediate labour market. Here, the social economy could be important, especially when the demands from employers get higher and higher. Frontline officers and social workers often find that their clients are trained up to their maximum ability, but are still not accepted into the labour market. Some clients therefore end up involved in programme after programme of activation measures.

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<sup>1</sup> [www.eurocities.eu/Minisites/NLAO\\_subsites/Stockholm/index.php?option=com\\_content&view=article&id=61&Itemid=54&lang=en](http://www.eurocities.eu/Minisites/NLAO_subsites/Stockholm/index.php?option=com_content&view=article&id=61&Itemid=54&lang=en).

The national Public Employment Service (PES) authority has expressed a great interest in work integrating social enterprises<sup>2</sup> as there are opportunities to buy services such as work training. These can be in cafés, second hand shops, cleaning companies and so on, run as social enterprises. Due to recent national reforms to reduce sick leave benefit, the PES is responsible for more people in need of flexible working conditions, and in this respect social enterprises could offer an alternative.<sup>3</sup>

In a recent report about future types of business, the authors point out that people who are currently excluded from the labour market in Sweden represent a significant potential resource. The economy could benefit from their skills and abilities if they moved into employment. People outside the labour market can be grouped into a number of different categories, as illustrated by the following data:

#### Groups of people outside the labour market in Sweden (2007)

Number of people	Characteristic
4,000	Homeless people.
5,000	Prisoners: most of them do not have an employment when they are released.
17,000	People in substance abuse treatment: lack of employment after treatment.
25,000	Young people who need support to enter the labour market.
36,000	Unemployed and registered at the PES for more than one year.
100,000	On sick leave for more than one year.
130,000	On social welfare benefit for a long period of time.
200,000	Under 55 years old with a pension after long periods of sick leave, but most of them would like an adapted employment.

The groups above could potentially benefit greatly from an intermediate labour market for a short or long period.<sup>4</sup>

<sup>2</sup> Enterprises that run business with the overarching aim to integrate people with big difficulties to get/or keep a job, create participation among employees through ownership, agreements or in other well documented ways, reinvest the profit, organisational free from the public sector (definition: [www.sofisam.se](http://www.sofisam.se)).

<sup>3</sup> Bertil Lidfeldt at Public Employment Service, [www.sofisam.se/?get=content&action=view&id=127-71](http://www.sofisam.se/?get=content&action=view&id=127-71).

<sup>4</sup> NUTEK, *Framtidens företagande. Om socialt företagande och entreprenörskap*, 2007.

## 2. Organisation: framework commissioned procurement

### 2.1 Organisation of the social economy

- **National level**

First of all there are no special laws or regulations for social enterprises in Sweden, which is different from some other countries, for example Italy.<sup>5</sup> But some national initiatives have been introduced to encourage growth within the social economy.

At the end of 2007, the Swedish government announced support for the social economy and gave four national authorities (the Swedish Agency for Economic and Regional Growth, Public Employment Service, National Social Insurance Service and National Board of Health and Welfare) a mission to develop a broad, cross-sectoral program with suggestions for actions to encourage the start-up and growth of more social enterprises.

During 2009, a project called RESA, involving the Public Employment Service and National Social Insurance Service, was set up to procure rehabilitation and other types of support services for people with reduced working capacity due to mental illness. The aim was that social enterprises should be involved, to help demonstrate that social enterprises can help to create jobs for people who are far removed from the labour market.

To help the public sector and the social economy work together, several organisations have created a website: [www.sofisam.se](http://www.sofisam.se) to function as a template for cooperation between government organisations and social enterprises. The organisations involved in setting up this website are: the Public Employment Service, Swedish Agency for Economic and Regional Growth and National Social Insurance Service in cooperation with the National Board of Health and Welfare, the Swedish Association of Local Authorities and Regions (SALAR) and the Social Work Cooperatives association,

- **Regional level**

Some Swedish regions are active in the European Network for social economy (REVES) but only one municipality (Värmdö) in the Stockholm region is involved in this network.

In the Stockholm region, a forum has been set up to promote the social economy, known as the Stockholm Association County Development Partnership (Föreningen Stockholms läns utvecklingspartnerskap för den sociala ekonomin: SLUP). This was created as a result of cooperation between Coompanion, the County Board and 20 other organisations. The administration of the European Social Fund contributed with financial support. The goal of this partnership is to organise and develop a structure of support for the social economy in the Stockholm county, through partnership and networking with other stakeholders.<sup>6</sup>

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<sup>5</sup> Tillväxtverket, *Sociala företag behövs!* 2009.

<sup>6</sup> [www.slup.se](http://www.slup.se).

- **Local level**

At the local level, a proposal<sup>7</sup> for creating a policy for the social economy was considered by the Stockholm city council in 2008. The proposal was rejected because the council found that it is impossible to create a special policy for the social economy since individual support to businesses is only acceptable if there are exceptional reasons, such as the need to stimulate the market, which is never the case in a big city such as Stockholm.

Since the elections in September 2010, Stockholm's new social vice-mayor has spoken out positively about the need for, and the potential for, a thriving social economy in the city. Other municipalities in the county of Stockholm (including Värmdö, Huddinge, Sigtuna and Botkyrka) have adopted policies and strategies that support their social economy. The Swedish Association of Local Authorities and Regions (SALAR) claims that an important condition for the growth of social enterprises is an implemented policy and strategy in the municipality. SALAR believes that political commitment at both the local and regional level is a good basis for effective cooperation between the stakeholders that can promote growth in this sector.<sup>8</sup>

All the interviewees consulted during this LAO research<sup>9</sup>, mention Goteborg's Way Out (Vagen ut) programme as an ideal model for supporting the social economy across Sweden. The Way Out programme is owned by 20 member cooperatives, providing support that social enterprises often need, such as support for procurement, accounting and marketing etc.<sup>10</sup> A European Social Fund project in Stockholm called LIVSVAL is trying to create a similar support structure. LIVSVAL also aims to create a platform for cooperation with local businesses and to start mentoring activities.<sup>11</sup>

## 2.2 Data

In 2007 there were about 200 social enterprises in Sweden, and about 7,000 people work in these enterprises. The figures can depend on the definition used for social enterprise: in this report we use the following conditions for a social enterprise:

- reinvest profit;
- empower employees through ownership;
- independent from public programs;
- link entrepreneurship with individual needs of work and service;
- run a business with the employees in the centre.

In the county of Stockholm there are around 30 social enterprises and they employ around 1,500 people.<sup>12</sup>

Two of the key organisations working in the social economy arena in Stockholm are:

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<sup>7</sup> Motion 2008:34, Dnr: 339-1010/2008.

<sup>8</sup> Tillväxtverket, *Sociala företag behövs!*, 2009.

<sup>9</sup> List of references in this paper, interviews

<sup>10</sup> [www.vagenutsidor.se/](http://www.vagenutsidor.se/).

<sup>11</sup> [www.livsval.nu/index.php?nr=8](http://www.livsval.nu/index.php?nr=8).

<sup>12</sup> Kossack Paula & Wallenklint Joakim, *Social ekonomi i Stockholms län, Kartläggning av företagen i Stockholms län*, 2007.

- **Coompanion:** This cooperative development organisation in the Stockholm region (kooperativ utveckling Stockholms län) is a non-profit organisation that helps and coordinates stakeholders within the social economy. Two thirds of Coompanion is financed by regional organisations, municipalities and EU funds. Another third is financed by the Swedish Agency for Economic and Regional Growth.<sup>13</sup>
- **SKOOP:** This association of social work cooperatives (Sociala arbetskooperativs intresseorganisation: SKOOP) is another coordinating organisation that supports cooperatives offering employment. Around half of the cooperatives in Sweden are members of SKOOP.<sup>14</sup>

## 2.3 Added value

One key advantage of a social enterprise is that it can challenge the picture of a person who has either low or no working ability: if someone is a member of a social enterprise, they are no longer simply someone living on benefits. It is a question of empowerment, which is an added value for a person who works in a social enterprise compared with public activation programs. The roles can change and the relationship becomes more equal compared to the traditional client role in other programs and training activities.<sup>15</sup> For a person who does not have the capacity to enter the labour market, a social enterprise can provide an alternative way of being included into society in line with the Active Inclusion strategy. In a social enterprise, the person is no longer a client but a colleague, who may also be an employee, partner, member, and / or member of the board. Effective social enterprises mix ordinary employees with persons who are excluded from the labour market.

In terms of social innovation, the European Social Fund (ESF) administration has taken steps to encourage the creation of social enterprises in its calls for funding. This is a part of its support for innovative new solutions for vulnerable groups.

## 2.4 New trends

As mentioned before, there have been national and regional initiatives to promote better conditions for social enterprises but often, little actually happens on the ground in most municipalities, including Stockholm. A few municipalities put a lot of effort into supporting the social economy and that stimulates new cooperatives to start up.

There is a trend towards discussing the needs of social enterprises and developing information packs, education, and study visits, in order to raise awareness of the potential of the social economy. There is also a growing trend of trying to stimulate the development of more social enterprises through ESF-financed projects. Some examples of these are as follows:

- **Competence in the social economy and Skilled organisers:** Coompanion is the leading partner in this project (Kompetent social ekonomi; and Kompetenta anordnare). The aim is raising awareness of the social economy, and upskilling among mentors, especially for public sector employees.<sup>16</sup>

<sup>13</sup> [www.coompanion.se](http://www.coompanion.se).

<sup>14</sup> [www.skoop.coop/](http://www.skoop.coop/).

<sup>15</sup> Application for the ESF-pilot project: SATSA.

<sup>16</sup> [www.coompanion.se/stockholm/kompetent\\_social\\_ekonomi/](http://www.coompanion.se/stockholm/kompetent_social_ekonomi/).

- **Third Phase:** This is a national project. More than 80 municipalities participate, and Stockholm is one of them. Third Phase (Trefas) is managed by the Public Employment Service. It aims to develop methods and models for the social economy, for clients within the third phase of the job-guarantee and development guarantee programme. This is for people who have been unemployed long-term (normally more than 300 days).
- **Social innovation Stockholm:** This incubator project is run by the University of Stockholm and aims to encourage social entrepreneurs and support innovation.<sup>17</sup>

## 2.5 Quality

A social enterprise has both social and economic goals. Traditionally social goals can be hard to monitor and assess, but a method called social accounting is one way of measuring the quality of social goals and achievements.

Some social enterprises conduct social accounting in order to plan, measure and evaluate the social goals and achievements of the enterprise. Social accounting contains some key principles in terms of how a social enterprise should be monitored, including the following:

- **Participation:** All stakeholders that are closely linked to the organisation should be represented and able to influence planning and implementation of all activities, including the social accounting processes. This includes staff, volunteers, patients, clients and funders.
- **Everyone's perspective:** The views of all stakeholder groups should be obtained: via questionnaires, interviews, focus groups, SWOT analysis and other methods.
- **Versatile:** All aspects of the business should be assessed, including aims and objectives, activities and implementation; internal systems and structures; ownership; and the relationships with other stakeholders in society.
- **Learning:** The whole monitoring process is aiming to achieve an improved understanding of the business so that people can build on their experience from one year to the next. It represents a learning process, both for the benefit of internal stakeholders, and also for external stakeholders.
- **Verifiable:** Monitoring and assessment will be implemented against predetermined criteria and objectives, making it possible to verify the results in an objective manner, by either an internal or an external social accounting team.
- **Open:** Social enterprises should regularly provide all stakeholders with the results of the social accounts as well as the financial statements.
- **Open:** Social enterprises should regularly provide all stakeholders with the results of the social accounts as well as the financial statements<sup>18</sup>.

Another method of assessment from an economic perspective is a socio economic assessment (socioekonomiskt bokslut). This is a method based on political economic theory and is conducted by an external expert. The method takes into account the costs for a person living in social exclusion compared with the cost for society when the person is actively included, for example in a social enterprise. For a person who is socially excluded, the effects of a life in addiction for example, could be criminality, psychological illness, need of care, and time in prison. Four quite well known socio

<sup>17</sup> [www.esf.se](http://www.esf.se).

<sup>18</sup> SLUP, *Social redovisning - till nytta och nöje för den sociala ekonomin*, 2005

economic assessments of social enterprises have been carried out in Sweden. Figures from Stockholm's BASTA social enterprise (described in section 4) and Göteborg's Way Out (Vägen ut) organisation demonstrate that society gains around €108 755 (1,000,000 SEK) a year for each person actively included by a social enterprise. The cooperatives KOS and Briggen contributed to a welfare benefit of some €16,000 to €33,000 Euro (50 000 - 300 000 SEK) for each person employed, every year.<sup>19</sup>

The National Social Insurance Service has little experience of using rehabilitation and activation for their clients through social enterprises. The National Board of Health and Welfare and the Swedish Association of Local Authorities and Regions (SALAR) have a mission to develop a national system to openly compare quality, costs and effectiveness in health care and social care services. In the future this system or a similar one could perhaps also be used to assess rehabilitation within social enterprises.<sup>20</sup>

The mandate from government and parliament to the Public Employment Service is to offer a bigger diversification of service providers than previously. Also, some local authorities are increasingly buying services from others in order to work with rehabilitation and work training. There is and will be an even greater demand for social work cooperatives, for example, to provide services within the rehabilitation field. Therefore it is also important for the cooperatives to become more professional. To get these kinds of contracts, more employees will need to have a better knowledge of this field. SKOOPI (the social work cooperatives association) runs a project to develop a certification standard: a form of quality guarantee to show that the social enterprise works in a certain way and will deliver good quality. The project will investigate how certification can be implemented, and develop criteria and suggestions for how and who can perform the certification. The three year project started in June 2010 and the goal is to have a working model when the project ends.<sup>21</sup>

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<sup>19</sup> SKOOPI, *Fakta om Socialt företagande*, 2007.

<sup>20</sup> Tillväxtverket, *Sociala företag behövs!* 2009.

<sup>21</sup> [www.skoopicoop](http://www.skoopicoop).

## 3. Challenges

### 3.1 Costs

The starting point for all organisations working with and within the social economy is that the business idea should be good enough for the enterprise to survive in the marketplace. The social enterprises that stimulate integration into the labour market in Sweden normally have a dual mission. One part of their mission is offering rehabilitation and work training placements that they sell to the municipalities: to Public Employment Services and National Social Insurance Services. The other part of their mission is to offer products or services to all consumers on the market, via a café, or second hand shop for example.

In addition, although people can apply to the Public Employment Service for a financial contribution to start-up a normal business, this is not available to people wanting to start a social enterprise.

Another aspect pointed out by a couple of interviewees for this report is the importance for social services clients to be able to keep their social welfare benefits in the initial phase if they are starting up a social enterprise (for example during a six month period). Currently this is not possible.

### 3.2 Rules on public procurement

In Sweden all social services performed by a provider other than the municipality have to be formally procured. In addition to the EU directives<sup>22</sup> there is a Public Procurement Act in Sweden and there is now also the Act on Free Choice that came into force on 1 January 2009. The freedom of choice system is an alternative to the procurement process set out in the Public Procurement Act, which the municipality itself can opt to introduce. Both private companies and non-profit organisations may apply to become approved suppliers. Every year, the city of Stockholm arranges four calls for organisations to apply to become approved. So the freedom of choice system can be regarded as more flexible than the public procurement process, where the time period of engagement often is very long. All suppliers that apply to be part of a freedom of choice system and that meet the requirements laid down are approved, after which contracts are entered into.

In the procurement process, all companies, regardless of the type of business, are invited to participate. For the city, it is important that the provider has the financial and technical capacity to deliver the service throughout the contract period, which may be difficult for small companies and thus often also social enterprises. However, if the city offered specific advantages for social enterprises, the market would probably react adversely, and ask for an appeal against the procurement process.

Anyhow, there are some municipalities that do include social clauses in the procurement process, which can favour social enterprises. In one example concerning a land management contract, the Botkyrka municipality (in the Stockholm region) required the procured provider to employ two unemployed youngsters as trainees. A business association reacted with a critical article in the local newspaper. However, Botkyrka intends to include social clauses again when this approach is considered suitable.<sup>23</sup>

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<sup>22</sup> Directive 2004/18/EC och Directive 2004/17/EC.

<sup>23</sup> Newsletter, "Upphandlar Sverige" (Procurement in Sweden) 01102009.

The difficulty for social enterprises to gain a public procurement projects is a key problem. For example, a manager at one Jobbtorg employment centre commented that it would sometimes be useful to offer job seekers a work training period within a social enterprise. However, there is currently no social enterprise among the city's procured training providers.

To try and encourage the creation of one or more social enterprises offering training in Stockholm, the city's Social Welfare and Labour Market Administration department recently conducted a procurement process for training services. This was within a European Social Fund project called ALFA.<sup>24</sup> Coompanion (the cooperative development organisation), working with subcontracting partner SKOOPi (the association of social work cooperatives), will arrange information sessions and courses in order to enable rehabilitation and work training units currently run by the city, to be transformed into cooperatives which would be run by the service users. Two of these training units have shown an interest in doing so.

### **3.3 Challenges in ensuring and monitoring quality**

One challenge pointed out by Stockholm's BASTA social enterprise is the risk of the social economy becoming too self-righteous. There is always a need to be self critical in order to improve. A danger may be that no one will actually monitor social enterprises. Another challenge is the need to maintain quality in the transition phase from having a support structure from the public sector, to becoming independent and self supportive.

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<sup>24</sup> [www.stockholm.se/Arbete/Arbete-och-sysselsattning-for-personer-med-funktionsnedsattning/Alfa-projektet/%3Foversatt%3D](http://www.stockholm.se/Arbete/Arbete-och-sysselsattning-for-personer-med-funktionsnedsattning/Alfa-projektet/%3Foversatt%3D).

## 4. Good lessons

### 4.1 Success stories

Although the social economy is quite small in Stockholm, the following provides two examples of success stories:

- **BASTA:** The focus for BASTA is empowerment, enabling each person to take control of their own destiny by strengthening their self confidence. BASTA was created due to dissatisfaction with the Swedish drug policy. In 1994, five people moved to a big 54 acre property outside the small municipality of Nykvarn, 45 minutes from Stockholm. The idea was to start a work cooperative for people who wanted to end their substance abuse.

The concept was initiated in 1989, when BASTA's Swedish founder, Mr Carlberg, visited social cooperatives in Emilia Romagna, Italy. He was particularly surprised to find that many Italian social cooperatives had such a big proportion of former drug addicts in senior positions. Although many lacked formal medical training, they used their own experiences of substance abuse, their newly acquired skills in running a company, and their knowledge of professional rehabilitation work, to offer an effective form of rehabilitation that uses entrepreneurship to help people to help themselves. A number of these Italian cooperatives had over time grown to become financially successful companies. BASTA was inspired by the Italian cooperatives, but is not a direct copy: instead it is the creation of a group of Swedish people who sought an alternative path away from drug addiction.

Essential conditions for the creation of BASTA were political support and a well developed network. BASTA also received loans from a number of municipalities: the promise that they would get their money back was an attractive offer. Today this social enterprise has a turnover of €4,318,255 (40,000 000 SEK) and 120 employees. Half the operation involves rehabilitation placements paid for by municipalities, and the other half involves selling products and services on the free market.

BASTA offers cleaning services for offices, industries, and homes; carpentry; a day care centre for dogs; graffiti removal; site visits and seminars; and horse riding tours. BASTA is also active in a couple of EU projects financed by the Grundtvig and Leonardo da Vinci funds. Another interesting BASTA project, funded by the European Social Fund, is investigating the conditions and possibilities for micro loan finance, which is an unusual concept in Sweden. One sign of BASTA's success is the fact that the organisation is expanding all the time and is now a public limited company.<sup>25</sup>

- **Spanga Blue Ribbon and Blue Way:** This organisation is a multicultural NGO and social enterprise, working against drugs and racism. Blue Ribbon was originally founded in 1883. When it started working with refugees in the Spanga district, it became known as Spanga Blue Ribbon (Spanga Bla Band). The association also started Blue Way (Bla vagen) which established social enterprise employment activities in three districts: Spånga, Skärholmen and Nacka.

The target group for the organisation are unemployed people who are excluded from the labour market and often have limited work skills. Financial support is

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<sup>25</sup> [www.basta.se](http://www.basta.se)

partly through public funding (for example for training placements made within the organisation), partly through grants, and partly through funds raised by Blue Ribbon's business activities. These include cafés, a dog day care centre, a second hand shop, a beauty centre, sewing services and cleaning.

The organisation has three broad objectives:

- **Work:** To encourage participants to work;
- **Study:** To motivate participants to study; and
- **Rehabilitation:** To rehabilitate participants who have barriers to work.

Several different methods are used to achieve the above objectives:

- **Self-help:** participants are taught how to take responsibility for their own lives, through coaching and action plans;
- **Personal coaching:** provided through 12 in-house coaches;
- **Training:** to acquire vocational skills;
- **Work portfolio:** To highlight work experience and capabilities;
- **Job application support:** to help participants apply for jobs;
- **Training and work experience:** in Blue Ribbon's own workplaces, or external training if required.

The results from rehabilitation placements from several municipalities show that some 40% of the Spanga Blue Ribbon participants return to regular work and around 10% start to study. A total of 150 people work within the Spanga Blue Ribbon organisation.

According to a report written by the Swedish Association of Local Authorities and Regions, there are two key factors for the success of a social enterprise. One is the human vision of empowerment that is based on personal ability and the enjoyment of work. The other factor is cooperation between municipal and national authorities in order to create integrated solutions.<sup>26</sup>

## 4.2 Dealing with challenges

To find new ways to make cooperation easier between social enterprises and the public sector, a project called SATSA has been started in Stockholm. Funded by the European Social Fund (ESF), and led by an NGO (Föreningen Skyddsvärnet i Stockholm), other partners include the municipal employment service (Jobbtorg). The project aims to start four social enterprises. The project owner Nilla Helgesson highlights the great opportunity created by this funding in providing the chance to support innovative businesses during the start-up period. The project manager says that one obstacle for social enterprises in Stockholm can be that training placements are often made on a very short-term basis. Initially, a client often only receives a guarantee of three months training. This may be extended, but the uncertainty, for both the social enterprise and for the client, means that it is hard to plan ahead. Long-term decisions would make it easier for everybody.<sup>27</sup>

According to some social enterprises in Stockholm, their most common challenge is to be allocated clients by the municipalities. Social enterprises are normally successful in providing the services they are committed to offer, but it can be difficult to obtain

<sup>26</sup> Holmgren Anna, *Broar till egen försörjning Fem exempel från Göteborg, Malmö och Söderhamn*, SALAR 2009.

<sup>27</sup> Interview with Nilla Helgesson SATSA, Skyddsvärnet, the 27th of September 2010.

sufficient numbers of clients. Many social enterprises find it hard to prepare bids and win public contracts, because preparing formal tender documents is time consuming and demanding. Easier social enterprise procurement rules would be welcome, to enable public authorities to buy more services for their clients.

Franchising could offer another solution for Stockholm's social economy. One example of social franchising that is already operating in Sweden is a hotel chain called LeMat, based on a similar concept in Italy. At the moment there is a Le Mat hotel in Göteborg and one in Karlstad; and there are proposals to open a LeMat hotel in Stockholm and in the Varmdo municipality. LeMat is a part of the SATSA project and Coompanion Stockholm is a part-owner.<sup>28</sup>

In Sweden, there is a structure of municipal self-government that gives the municipalities a great degree of independence. Municipal self-government means that there should be an independent and, within certain confines, free right of decision-making for municipalities and county councils. According to the constitution, municipalities have a taxation right in order to fulfil their duties and as part of self-government. As a consequence, the political attitude towards social economy, for example, can be very different from one municipality to another. One obstacle to social enterprise that the University of Malmo highlights in a recent report is a lack of political will and support, as well as the difficult process involved in cooperation between authorities.<sup>29</sup>

#### **4.3 Promoting and supporting the social economy for active inclusion**

A large proportion of the employees in a social enterprise will be people who today are employed in municipal social activation measures, such as people with mental disabilities. Few people who leave activation programmes continue to the labour market. In this context, social enterprises play an important role. First, they create a path from welfare to work, and then perhaps a stepping stone to other employment. If the client does not step into other employment, the social economy often offers good and suitable jobs for those who need this adapted work environment, according to Mr Brusén at the National Board of Health and Welfare.<sup>30</sup>

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<sup>28</sup> [www.lemat.se](http://www.lemat.se).

<sup>29</sup> Rosenberg Christel, *Samverkan mellan kommunen och den sociala ekonomin kring socialt arbete*, 2008.

<sup>30</sup> [www.sofisam.se/?get=content&action=view&id=127-73](http://www.sofisam.se/?get=content&action=view&id=127-73).

## 5. Future plans for promoting active inclusion

As already mentioned, there are several national initiatives to raise awareness and promote conditions for more social enterprises in Sweden. The reason behind these initiatives is a great faith in the capacity of this sector to promote Active Inclusion for vulnerable groups.

It is obvious that there is a great belief in the social economy as a positive solution for vulnerable groups that find it difficult to enter the labour market. But many people claim that Sweden needs more examples of successful social economy organisations to inspire people to start new social enterprises. Nilla Helgesson, owner of the SATSA project in Stockholm, said in an interview that the time for social enterprise is right now. The social economy is on the political agenda and there is a growing trend for outsourcing, which offers significant opportunities for social enterprises. According to Nilla Helgesson, it is important to take up this opportunity, because it could provide the tipping point towards a more positive environment for the social economy and social enterprises in Sweden, even on a local basis.

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## Consultant

- Jan Forslund, Companion - kooperativ utveckling Stockholms län

## Interviews

- Brita Rönqvist: Jobbtorg Farsta, Social Welfare- and Labour Market Administration, City of Stockholm
- Eva Elbaus: LIVSVAL ESF-project, Alma Folkhögskola
- Isabella Vas: Unit of Procurement, Social Welfare- and Labour Market Administration, City of Stockholm
- Karin Wallqvist: ALFA ESF-project, Social Welfare- and Labour Market Administration, City of Stockholm
- Lennart Vikström: Jobbtorg Farsta, Social Welfare- and Labour Market Administration, City of Stockholm
- Nilla Helgesson: Skyddsvärnet (NGO)
- Rebekka Dominique: ESF-project Livsval
- Tomas Swenson: Unit of Procurement, Social Welfare- and Labour Market Administration, City of Stockholm

## ANNEX 2. Data

### Social enterprises in the city of Stockholm

Name	Focus	Target group	Number of employees
Tjuvgods	Second hand shop, silversmith	Former prisoners	10
Rainbow-Sweden	Second hand shop	Umbrella of organisations working with persons in addiction and exclusion	12
Handkraft Socialt arbetskooperativ	Bakery, Computer desk (printing, copying etc.). Textile: sewing and weaving.	Psychiatric diagnosis	24
Kooperativen Inuti	Painting, sculptures.	Creative artists with disabilities	50
Steg för Steg	Computer desk (distribution, mailing, accounting, conferences, invoices). Café, library, education computer skills.	People with schizophrenia and other psychoses	100
Kooperativet KOS	Copying, café, glass workshop.	Various disadvantages	17
Spånga Blå band	Cafés, dog day care centre, second hand shop, sewing atelier, beauty centre and cleaning.	Various disadvantages	250
Kooperativet Danviksport	Café. Training within music, theatre, media.	Various disadvantages	25
Livstycket Kunskap & Design center	Handcraft, textile. Training in Swedish, computer skills etc.	Migrants	86
Xpandia Vision	Training and motivation. Household services.	Migrants and young people	5
Mellanmålet/Café Matlådan	Staff restaurant for a Post office. Rehabilitation/training.	Psychotic problems and long term unemployed for various reasons	50
Situation Stockholm	Producing and selling a newspaper. Rehabilitation and training.	Homeless people	250



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