



COUNTRY FICHE - SLOVENIA



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1 Introduction

This report is one of thirty-one **Country Fiches** produced on behalf of the European Commission in the course of the research project '*Study on Practices and Policies in the Social Enterprise Sector in Europe*'. The purpose of the Country Fiches is to provide an analysis of the social enterprise sector (see section 2 'Sector Report') as well as to give basic information on selected schemes/measures/regulations that are relevant for social enterprises (see section 3 'Selected Measures Supporting Social Enterprises') in each of the countries covered by this research project (i. e. the 27 Member States of the European Union plus Iceland, Liechtenstein, Norway and Turkey).

A detailed description of the methodology applied in this research project, including the definition of social enterprises that has been used as well as the criteria for the identification of the schemes/measures/regulations supportive to social enterprises, is given in the *Study on Practices and Policies in the Social Enterprise Sector in Europe - Final Report* (available in paper form and on CD). It should also be noted that the list of measures given in section 3 of this *Country Fiche* is not exhaustive, nevertheless an effort has been made to describe examples of the most relevant and important ones.



2 Sector Report

2.1 General information

In Slovenia, there is (still) **no official definition** of social entrepreneurship. For the moment, several discussions on the problem of implementing social entrepreneurship and on its characteristics are taking place. Some **studies on that topic** have already been carried out. The study of *Branco et al.* (2004) defines the social economy as a social economical category, where a series of different legal and physical subjects creates a supporting environment for a (repeated) incorporation of vulnerable groups of the population into a social and working environment. The same study declares the social entrepreneurship as an ethical, professional, innovative, and systematic approach, which implements the goals of the social economy by means of different activities. Another study (*EIM, Human Resource Development Fund, 2005*) proposes the following definition: social enterprises represent enterprises and organisations having a goal to ensure social prosperity, fulfilling economical (the basic activity is the production of goods and/or selling services, a high rate of autonomy, a market orientation, and a defined portion of unpaid work) and social criteria (established on the basis of the civil initiative, the decision-making is independent of the share of the invested capital (1 shareholder/1 vote), active incorporation of all the stakeholders, activities in favour of its members, users, and community, the profit is mainly re-invested in the activity or in the local environment).

2.2 Brief characterisation of the social enterprise sector in Slovenia

There are **no reliable statistical data** on the employment in the third sector in Slovenia. The available data on associations (*Hvalič et al., 2003*), which is the prevailing form of social enterprise in Slovenia, show that in 1996 associations employed 2,930 persons, which represents 0.4% of employment in Slovenia. The estimate on the basis of the generalisation of data from the survey carried out on the representative sample of third sector organisations (*Hvalič et al., 2003*) show that in 1996, all such organisations in Slovenia together employed 3,750 persons (full-time employment) which is a 0.54% share of all the employed in the country. The same survey showed that part-time workers do the equivalent for additional 1,360 of full-time employees, while according to the survey, volunteers in Slovenia perform approximately 260,000 hours of work, which is the equivalent for 2,722 of full-time employees.

According to **estimations**, in 2004, a great number of subjects, approximately 18,000 different associations, 250 foundations, and 250 private institutes were declared as a non-profit developmental enterprises, as well as 149 enterprises for disabled persons and some tens of co-operatives were active within the sector of indistinctly defined social economy in Slovenia (*EIM, Human Resource Development Fund, 2005, and Branco et al., 2004*).

Estimates of **persons employed in the third sector organisations** (*Hvalič et al., 2003*):

- 85% of the organisations have no full-time employees;
- 4.9% of the organisations have 1 full-time employee;
- 3.3% of the organisations have 2 full-time employees;
- 6.8% of the organisations have more than 2 full-time employees.

Besides the number of the employed, data on the **range and financial resources** of third sector organisations, are a quite trustworthy indicator of the significance of the sector, its working conditions and the relationship of the state towards it. In Slovenia, statistical data are very incomplete. On average, the highest income was acquired by the organisations for the



disabled. Third sector organisations are financially weak. The income of non-governmental organisations which hand in their final accounts amounted only to 1.63% of GDP in 1997. In 1996, the total income of all the associations was 1.92% of GDP (Hvalič et al., 2003).

The Ministry of Labour, Family and Social Affairs is responsible for the social rights of disabled persons and for the social work. A great number of programmes and arrangements are being implemented. In Slovenia, the sphere of **employment of disabled persons** is well developed; as such persons, through the public Employment Service of Slovenia, can be reintegrated into the work, educated, and aided in some other ways. The mentioned Employment Service of Slovenia covers not only this domain, but also implements other measures related to the **education of most vulnerable population groups**, e.g. long-term unemployed or older persons. The area of social affairs also is quite well developed. The Ministry of Labour, Family and Social Affairs performs some provisions in the field of the social security. In Slovenia, the social enterprises are predominantly companies employing disabled persons, and their status is legally settled.

Social enterprises **act in almost all the sectors**, therefore their activity is not limited to particular sectors. They often act in cleaning services, security services, assembling, composition of different products from wood and other materials, textile-, footwear-, leather-, metallurgy- and printing- industry.

The social economy organisations introduce rightful claimants **particularly in the following**:

- public work programmes (where 4,653 persons were employed in 2004);
- work inclusion programmes (where 276 disabled persons were included in 2004);
- enterprises for disabled persons (where 12,673 persons were employed in 2003, among them 5,993 disabled persons).

In Slovenia, some enterprises for disabled persons **already arose in the 1960s**. At that time, a special regulation provided that the status of a 'workshop for disabled' could be attributed to companies employing at least 50% of disabled persons. For instance, in 1963, 23 companies for disabled were active in Slovenia. Later on, their number has gradually decreased, while it started to rise again after 1988. By the end of 2004, 156 enterprises for disabled persons were registered in Slovenia, employing 13,580 persons, among them 6,348 disabled (*Pavel et al.*, 2005).

2.3 Legal forms of social enterprises

The types of Slovenian organisations incorporated in the social economy, their legal structure, and key characteristics (*Kovač et al.*, 2005) are the following:

- **social co-operatives** (a few only, they do not perform well);
- **social enterprises** (a small number, their problem is the inadequate definition, there is no special regulation to settle their status, the tax environment is not stimulating);
- **volunteer organisations** (numerous, but without any real power for the job-creation);
- **socially oriented associations** (numerous, however without the power to generate the employment and integration of all the vulnerable population groups);
- **humanitarian organisations** (well developed, oriented to the classic humanitarianism, they do not perform economic activities);



- **environment protection organisations** (plenty of local groups, at initial stages of development);
- **agencies for the rural development** and **innovation centres for rural regions** (quite a large number, but of low capacities);
- **youth service co-operatives** (some youth centres exist, which have been established as public institutions) and
- **associations** (enormous number, however without being able to employ).

2.4 Organisational and management characteristics of Slovenian social enterprises

There is no information on their organisational and management structure available.

Social enterprises are not sustainable without **financing sources**. In Slovenia, the legal framework, which allows the co-financing of organisations and enables winning of different benefits, consists of the following (*Branco et al.*, 2004):

- The **Pension and Disability Insurance Act** (*Official Gazette*, 2005a) regulates the system of pension and disability insurance in Slovenia. This act, among others, defines the employment of unemployed disabled persons, as well as the cession of contributions to enterprises for disabled persons (Article 226).
- The **Act amending the War Disabled Act** (*Official Gazette*, 2006) defines rightful claimants for the protection according to this act, as well as their rights.
- The **Vocational Rehabilitation and Employment of Disabled Persons Act** (*Official Gazette*, 2005b) settles the rights relating to the employment rehabilitation of disabled persons as well as the establishing of conditions for their equal right to participate on the labour market. The enterprises for disabled persons have no special legal characteristics in view of the worker status. Their market activities do not differ from other economical subjects, however such enterprises can have a special legal position in the filed of taxes, labour relations, social security, and subventions.
- The **Placement of Children with Special Needs Act** (*Official Gazette*, 2000) settles guidance of children, adolescents, and younger adults of special pedagogical-educational needs, and provides the method and form of performing the upbringing and education.
- The **Rules on Works Deemed as Additional Personal Work** and on the Procedure to Notify such Works (*Official Gazette*, 2002) provide the types of personal supplemental work as well as the procedure of how such works are applied.
- The **Act on the Voluntary Works** is in preparation.

Social economy enterprises are partly entitled to public subventions and partly they are financed by the market sources (sale of services or goods, performed or produced by themselves), which also depends on the legal form of the particular organisation.

Slovenia is among the countries that have the smallest number of **employees** in the third sector. International research shows that the share of those employed in the third sector is on the average 4.9% of all the employed. In Slovenia, third sector organisations only employ (full-time or temporarily) 0.37% of all the persons employed in the country (*Hvalič et al.*, 2003).



2.5 Current framework conditions and future perspectives

The social sector had commenced to develop with workshops for disabled persons, from which enterprises for disabled persons have arisen, whose status has also been settled to the greatest extent possible. In recent years, other forms of organisations have come into being as well, such as associations, voluntary organisations, and others. The Vocational Rehabilitation and Employment of Disabled Persons Act has legalised the protective employment by introducing employment centres, supporting employment, social inclusion, etc. (*Pavel et al.*, 2005). All these works are less exact and simpler to get accustomed to. Important **drivers** for social sector development are competitiveness growth, an increased number of people with personal and (re)integration problems and impart solidarity to disabled people (*Branco et al.*, 2004).

The most important **impediments** (*Branco et al.*, 2004) are the lack of supporting networks to the social economy - there is no systematically arranged support, the existing legislation particularly deals with one target group, i.e. disabled persons. There is no doctrine available to handle socially excluded and threatened persons. A programme of the school system for the education of expert workers in the field of the social economy is not adapted. This results in a poorly qualified professional cadre (weak business of existing enterprises for disabled persons - 41% at a loss). System legislation in the field of finances, employment, tax policy, public tenders is lacking. There is a rapid decrease of the number of programmes of psychosocial rehabilitation representing a bridge between active and passive rightful claimants. Frequent incomprehension of the local environment for the need of socially excluded groups is a consequence of insufficient informing and worse consciousness and results in repeated unreadiness of the local environment for solving the problems of socially excluded population.

EIM, Human Resource Development Fund, has provided a proposal of an integral development of introducing social entrepreneurship with a unified programme to ensure a support at all the stages of the social entrepreneurship, as well as a linking of all the necessary instruments of different ministries (*EIM, Human Resource Development*, 2005). This '**Uniform Programme of introducing the social entrepreneurship for the Period 2007-2013**' includes three issues:

- establishing adequate supporting environment (institutional framework, education and qualification programmes, assistance in incubating new enterprises);
- assisting social enterprises (stimulations to establishing enterprises, professional and financial subsidies, etc.);
- stimulating consciousness, promotion, and networking.

By establishing an integral strategy and a targeted programme in the field of the social economy, a better development of this sector could be enabled in Slovenia. The present position of such organisations is relatively unclear, as they are defined by a too large number of regulations. On examining of the **policy measures** it can be seen that these measures are implemented by several actors where different provisions and supporting mechanisms act partially and are non-harmonised, therefore they allow the development of the social entrepreneurship only partially.

Slovenian **social enterprises are members** of the Confederation of European Social Firms, Employment Initiatives and Social Co-operatives (CEFEC). In Slovenia many associations exist: the Association for Mental Health (ŠENT), the Life Quality National Organisation (OZARA), the Cerebral Palsy Association of Slovenia (SONČEK), the Federation of Disabled Workers of Slovenia (ZDIS) are just a few of them.



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OZARA (Life Quality National Organisation):

www.ozara.org, April 2006.

SONČEK (The Cerebral Palsy Association of Slovenia):

www.zveza-soncek.si/index.htm, April 2006.

ŠENT (Association for Mental Health):

www.sent-si.org, April 2006.

Zavoda RS za zaposlovanje (Employment Service of Slovenia):

www.ess.gov.si, April 2006.

ZDIS (Federation of Disabled Workers of Slovenia):

www.zveza-zdis.si/index.php, April 2006.



3 Selected Measures Supporting Social Enterprises

The measures named below will be presented in the chapters of this section. Each measure is described along a standardised guideline to ensure complete and comparable results.

Overview on the schemes/measures/regulations identified in Slovenia

name (English)	original name	type
Subsidy to salary for disabled persons	Subvencija plače invalidu	financial support
Exemption from payment of tax on paid salary of companies for disabled persons	Oprostitev plačila davka na izplačane plače invalidskih podjetij	legal regulation



3.1 Subsidy to salary for disabled persons

1. country	Slovenia
2. name of the scheme/measure/regulation (English)	Subsidy to salary for disabled persons
3. original name of the scheme/measure/regulation	Subvencija plače invalidu
4. principal organisation	Ministry of Labour, Family and Social Affairs
5. implementing organisation	Slovenian fund for stimulation of employment of disabled persons
6. contact details of implementing organisation	Slovenian fund for stimulation of employment of disabled persons
title	director
last name	Erbežnik
first name	Maruška
street name and number	Zemljemerska 12
postal code	1000
town	Ljubljana
telephone no	++386/1/2323386
fax no	++386/1/2314641
e-mail	srsvzi-info@gov.si
web page address	www.svzi.gov.si/index.php
7. status of the implementing organisation/s	public
8. source of funding	public
9. EU financial contribution	no
10. annual budget in Euro	not available
11. organisation of the contact points of the scheme/measure/regulation	centralised at national level
12. duration of the action/measure	
start date	1991
end date	ongoing
13. type of the scheme/measure/regulation	financial support
14. objective of the scheme/measure/regulation	The objective of the measure is to ameliorate the possibilities of employment for disabled and to encourage employers to hire disabled persons.



15. brief description of the scheme/measure/regulation	<p>This measure basically provides a subsidy to the salary for disabled persons that is part of their payment for work according to the employment contract.</p> <p>The salary for disabled persons is composed of the regular payment for work and the subsidy, which is defined by law. Disabled persons are eligible for the subsidy of salary considering the quality of their employment:</p> <ul style="list-style-type: none">- in protective employment the subsidy share is from 30% to 70% of the minimum wage;- in supported employment the subsidy share is from 5% to 30% of the minimum wage;- in a company for disabled persons the subsidy share is from 5% to 30% of the minimum wage. <p>The amount of the subsidy depends on the degree of invalidism and/or his achieving working results.</p>
16. target population addressed	<p>The subsidy of to the salary is the right of disabled persons, who are either employed in a protective job, or in supported employment or in a company for disabled persons.</p>
17. geographical areas covered	<p>national</p>
18. evolution of the scheme/measure/regulation	<p>All issues of the Vocational Rehabilitation and Employment of Disabled Persons Act (Official Gazette of RS, 8/1990, 63/2004, 63/2004, 72/2005) have been defined before the mentioned subsidies to disabled persons.</p>
19. relevance of the scheme/measure/regulation	<p>This measure is important to stimulate the organisations to employ disabled persons.</p>
20. evaluation	<p>no information available</p>
21. future perspectives of the scheme/measure/regulation	<p>The measure will also be continued in the future.</p>
22. additional relevant information	



3.2 Exemption from payment of tax on paid salary of companies for disabled persons

1. country	Slovenia
2. name of the scheme/measure/regulation (English)	Exemption from payment of tax on paid salary of companies for disabled persons
3. original name of the scheme/measure/regulation	Oprostitev plačila davka na izplačane plače invalidskih podjetij
4. principal organisation	Ministry of Labour, Family and Social Affairs
5. implementing organisation	Ministry of Labour, Family and Social Affairs
6. contact details of implementing organisation	
title	Managing Director, M.Sc.
last name	Uršič
first name	Cveto
street name and number	Kotnikova 5
postal code	1000
town	Ljubljana
telephone no	++386/1/3697538
fax no	++386/1/3697564
e-mail	cveto.ursic@gov.si
web page address	www.sigov.si/mddszy?PID=148&PHPSESSID=a295c4f516730e5d81994519d398e1bb
7. status of the implementing organisation/s	public
8. source of funding	
9. EU financial contribution	no
10. annual budget in Euro	
11. organisation of the contact points of the scheme/measure/regulation	centralised at national level
12. duration of the action/measure	
start date	1997
end date	ongoing
13. type of the scheme/measure/regulation	legal regulation
14. objective of the scheme/measure/regulation	The objective of this tax exemption is to encourage employers to employ disabled persons.
15. brief description of the scheme/measure/regulation	The Law on tax on paid salaries (Official Gazette of RS, 25/2005) determines that companies for disabled persons do not have to pay tax on paid salaries (2nd article).
16. target population addressed	disabled persons, employees in companies for disabled persons
17. geographical areas covered	national



18. evolution of the scheme/measure/regulation	The first law on tax on paid salaries (Official Gazette of RS, 34/1996) was accepted in 1996; however it did not contain the provision that companies for disabled persons are not paying tax on paid salaries. In 1997 (Official Gazette of RS, 31/1997) the supplement to the mentioned law, (which is defined in the 2nd paragraph) that companies for disabled persons do not have to pay tax on salaries, has been approved.
19. relevance of the scheme/measure/regulation	This measure is important to stimulate organisations to employ disabled persons.
20. evaluation	no information available
21. future perspectives of the scheme/measure/regulation	The measure will be continued also in the future.
22. additional relevant information	The Law is available online: www.uradni-list.si/1/ulonline.jsp?urlid=200525&dhid=74713 . Further information: http://www.svzi.gov.si/index.php?pageid=3&kaj=nezane&w=subvencije