The impact of COVID-19 on WISEs
This is a publication drafted by the European Network of Social Integration Enterprises (ENSIE)

ENSIE would like to thank its members for their contribution to the realisation of this report

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INTRODUCTION

The COVID-19 pandemic has transformed the lives of millions of people around the globe in a very short period of time. The pandemic impacted not only people’s mental and physical health but also on their way of living and working. In order to halt the spread of the virus, diverse governmental measures have been put in place and consequently have led to unprecedented closure of workplaces across Europe and beyond. Reducing economic activity, and in most cases, bringing it to a standstill has led not only to increased unemployment, but has also put many jobs at risk.

ENSIE worked, since the beginning of the lockdown, on how to overcome the crisis, by launching a Call for support to European and national institutions, with RREUSE, Social Firms Europe - CEFEC and CEC. ENSIE brought the action presented in the Call to the GECES. ENSIE supported its members improving their capacities with webinars and raising national awareness, in particular the Italians, with an Open letter.

In order to visualize the consequences of the pandemic on Work Integration Social Enterprises (WISEs)[1] and to capture the immediate economic as well as social effects of the crisis, ENSIE launched a survey to collect feedbacks from its Members, WISEs Federations, around Europe. The aim was to investigate to what extend/degree the pandemic affected WISEs and how they reacted to such external ‘shock’.

In total, 18 WISEs networks from 16 different European countries participated in the survey and provided valuable insights which will be detailed and explained on the next pages.

(1) Work Integration Social Enterprise (WISE) are social enterprises which focus on improving employment prospects for those farthest from the labour market. The WISE model has proven effective in the EU, where it has been applied with different specific forms and objectives (springboard and permanent schemes), responded to the immediate need for employment while supporting the social and professional growth of people in the long term. They have a strong pedagogical dimension in terms of initiating training and educational programs designed on the basis of existing potential (at professional level and in its participation in society) and develop the individual potential within the enterprise.
Two types of data were collected by ENSIE, in the beginning of May 2020. The first one is related to the collection of economic data (estimations) and the following points were asked:

- drop down in employment (estimations)
- drop down in revenue (current or estimations)
- drop down in specific services or activities
- use of temporary unemployment (per country estimations)
- number of companies that had to close down temporarily or partially
- number of companies that went into bankruptcy or are at serious risk (serious liquidity issues) or %
- other indicator that shows the difficulties caused by the crisis
- EU funding

The second data collection referred to the update of the previous research and issues related to skills and employment.

In total, ENSIE received 18 answers from 16 WISEs networks coming from 16 EU countries which represent in total

- 1414 WISEs
- 8755 workers

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of WISEs</th>
<th>Number of workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria (AT)</td>
<td>200</td>
<td>7000</td>
</tr>
<tr>
<td>Belgium (BE)</td>
<td>100</td>
<td>10000</td>
</tr>
<tr>
<td>Czech Republic (CZ)</td>
<td>117</td>
<td>14000</td>
</tr>
<tr>
<td>Denmark (DK)</td>
<td>198</td>
<td>11054</td>
</tr>
<tr>
<td>Spain (ES)</td>
<td>550</td>
<td>41165</td>
</tr>
<tr>
<td>Croatia (HR)</td>
<td>4</td>
<td>57</td>
</tr>
<tr>
<td>Hungary (HU)</td>
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<td>4</td>
</tr>
<tr>
<td>Ireland (IE)</td>
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<td>320</td>
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<tr>
<td>Italy (IT)</td>
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<td>Luxembourg (LU)</td>
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<td>350</td>
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<tr>
<td>Latvia (LV)</td>
<td>11</td>
<td>111</td>
</tr>
<tr>
<td>Netherlands (NL)</td>
<td>100</td>
<td>3222</td>
</tr>
<tr>
<td>Poland (PL)</td>
<td>44</td>
<td>200</td>
</tr>
<tr>
<td>Romania (RO)</td>
<td>11</td>
<td>100</td>
</tr>
<tr>
<td>Slovenia (SI)</td>
<td>7</td>
<td>180</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1414</strong></td>
<td><strong>8755</strong></td>
</tr>
</tbody>
</table>

It is important to note that the data collected within this framework are based on estimations due to the lack of reliable scientific data. This embodies the limitation of the research. However, the data are sufficient to provide a good overview of the Covid19 pandemic impacts on WISEs, shedding light on their current key challenges.
COVID-19 IMPACT ON WISES ANALYSIS

I. ECONOMIC DATA

WISEs are providing essential services and contributions to social inclusion and poverty reduction. For more than two months, they have been - and some still are - under lockdown. Some may even be shutting down their activities in the near future. Turnovers are shrinking dramatically, with some even reporting losses of 70%.

A. Drop down in employment

The graphic below shows that the drop down in employment is different from Member State to Member State and varies from 20%-40% in Austria to 70%-90% in France. The Netherlands on the other hand, considers that larger WISEs might be successful in continuing their business when the lockdown situation will be limited to three months as a maximum and in Denmark most companies have sent home a large part of their employees with 75 % of their wage covered by a wage compensation scheme.

![Drop Down in Employment](image)

B. Drop down in revenue

Austrian WISEs (+200) marked a loss of approximatively 68 million euros whereas in France the drop down in turnover is estimated at around 41% by the structures in March. The crisis having started at the beginning of the second fortnight of March, the estimated loss of turnover is in fact close to 90% over the crisis period, reflecting an activity that has come to an almost complete standstill. The drop down in turnover of 76% is estimated by the structures in April. Estimations for April confirm that activity is largely at a standstill, with losses estimated at 76%. A massive loss, but to watch closely. Moreover, in the Netherlands 1 out of 7 of the larger WISEs in Amsterdam is at a serious danger on the short term. That will stand for about 10-20 % of the total paid jobs for people with large distance to the labor market in Amsterdam working at WISEs.
C. Drop down in specific services

There is a severe cut for WISEs active in counselling, education and training, as face-to-face counselling is not possible at the moment (about 25%) in Austria. Besides education, training and counselling, WISEs active in sectors such as gastronomy and food services are especially affected, as well as personal services. Other activities (such as non-essential retail) slowly restarted mid-May in Austria, but remain restricted. During the 4-weeks lockdown, every non-essential business had to temporarily close down in most EU countries. Nevertheless, WISEs are quick to adapt to the situation and offer new or adjusted services. Some have for instance started to produce facial masks, others offer new forms of online training and counselling.

Main sectors impacted by the crisis

<table>
<thead>
<tr>
<th>Country</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT</td>
<td>Education, training, counselling and gastronomy</td>
</tr>
<tr>
<td>BE (WA)</td>
<td>Cleaning and construction</td>
</tr>
<tr>
<td>CZ</td>
<td>Gastronomy</td>
</tr>
<tr>
<td>HR</td>
<td>Social and community services</td>
</tr>
<tr>
<td>HU</td>
<td>Tourism and gastronomy</td>
</tr>
<tr>
<td>NL</td>
<td>Gastronomy</td>
</tr>
<tr>
<td>RO</td>
<td>Gastronomy</td>
</tr>
<tr>
<td>SL</td>
<td>Assembling and cleaning</td>
</tr>
</tbody>
</table>

Update: The situation in Austria is slowly getting better, some WISEs are able to restart their activities and many which are offering counselling are busier than ever.
D. Use of temporary unemployment (per country estimations)

Overall in Austria, about 1.2 million employees have been registered for short-time labour. About 100,000 of all unemployed (less than 1/6 of total unemployed) state to have an employment guarantee as soon as re-employment is possible. There are no valid estimates yet about the situation in the WISEs. However, the use of short-time labour for permanent staff is widely considered and applied in the network.

In Italy, the use of holidays, 'Fondo Integrazione salariale' and 'Cassa Integrazione' have been used in order to avoid dismissals whereas in Luxembourg, the Ministry of Labour provides for the co-financing of the wages of job seekers a measure still in place today. The other supervisors and operating costs are the responsibility of the company.

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E. Number of companies that had to close down temporarily or partially

In Austria, due to the 4-week lock down, all non-essential businesses had to temporarily close. It is difficult to estimate how many WISEs count as non-essential. The assumption is that the majority of them had to temporarily close down, and most are further affected by the restrictions in place. The same scenario applies to Spain, where 100% - all WISEs were forced to put their activities on stand-by. Only activities considered essential, such as cleaning, clothing and socio-sanitary services, have been maintained. Companies have been affected by the closure of services or cancellation of contracts of public administrations. Others have had to suspend their activity for productive, organizational and technical reasons.

In Romania, according to a business website, 37% companies have downsized and 23% closed their operation. In this context WISEs seem to have been hit at hardest.
In Belgium (FL), re-use shops are considered as a risky activity, it is not clear when they will be allowed to re-open. Although our members do not have to pay salaries for most staff, they have to keep a minimum of coordination staff and they have recurrent costs. If they cannot open in May or June, some will face bankruptcy. Moreover, workers keep receiving 70% of their normal income (now from the government), while WISEs do not have to pay their salaries. In Latvia, there are two WISEs which are at serious risk whereas in Amsterdam about 25% of the larger WISEs are facing bankruptcy. Many small companies work in the retail sector. Here the percentage might be even higher.

In Denmark on the other hand, there have not yet been experiences of WISEs bankruptcies as they are able to make use of the governments compensation schemes.
**G. Other indicator that shows the difficulties caused by the crisis**

Members from France reported that in the event of partial activity, renewals of people on fixed-term employment contracts remain possible, but new hires do not. This therefore postpones the start of the integration process during this period.

Italian members stated that, what makes the future of their companies uncertain is above all the development of the economic crisis which will condition all the service system in which our companies are very active.

**H. EU funding**

In regards to EU funding, Flanders for instance is providing some additional support under 'de minimis' (2) rather than using the 'temporary aid framework', which means that all support given today will lead to receiving less support later this year, or in 2021, or in 2022.

Czech Republic developed more this point in regards to the guarantee scheme COVID II for SMEs financed by ESIF (OP Business and Innovation for Competitiveness) stating that Prague applicants were not eligible. All legal forms were eligible and the guarantee scheme was under the de minimis regime. Theoretically, social enterprises could apply but for many of them it was not possible because they already used their limits of de minimis. The programme was closed on the 3rd of April because applications reached the given limits. The Ministry of Industry and Trade did not ask the European Commission for notification according to the Temporary Framework for State aid measure.

**II. SKILLS AND EMPLOYMENT DATA PER COUNTRY**

**Austria**

**Skills**

WISEs active in counselling, education and training, as face-to-face counselling cannot work at the moment (about 25% of Arbeit+ members).

**Employment**

Home office is not really a possibility, given the idea of guided work and labour market integration. WISEs are quick to adapt to the situation and offer new or adjusted services.

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(2) It disciplines small state aid amounts (so-called De minimis aid) that are exempted from state aid control as they are deemed to have no impact on competition and trade in the EU’s internal market. De minimis aid indeed refers to small amounts of state aid to undertakings (essentially companies) that EU countries do not have to notify the European Commission about. The maximum amount is EUR 200 000 for each undertaking over a 3-year period. (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3A0802_2)
Cut in public support already foreseen for WISE will also be possible. It has to be noted that long-term unemployment is expected to rise, even as the crisis eases down, making the infrastructure provided by WISEs crucial.

**Belgium (FL)**

Flanders is providing some additional support under ‘de minimis’ rather than using the ‘temporary aid framework’, which means that all support given today will lead to receiving less support later this year, or in 2021, or in 2022.

“It would be great if the European Commission could move the ceiling a bit higher!”

**Czech Republic**

A lot of training are cancelled and/or shifted to "better" times or transferred online, therefore the ones who are not skilled with computers tend to be disadvantaged - however no relevant data is available.

- There is a lack of specific support for social economy/enterprises/WISEs. All programmes (Antivirus, COVID I-II loan schemes) are for SMEs, but the representatives of MoLSA in charge of social economy agenda are not yet willing to prepare such support despite a number of interventions.
- WISEs deal with higher risks these days (i.e. their employees are among the most vulnerable in connection with Covid-19 infection and still go to work in many places), which is not reflected anywhere.
- The guarantee scheme COVID II for SMEs is financed by ESIF (OP Business and Innovation for Competitiveness). Prague applicants were however not eligible whereas other legal forms benefited from these funds. Important to note is that the guarantee scheme was under the de minimis regime. Theoretically, social enterprises could apply but for many of them it was not possible because they already used their limits of de minimis. The programme was closed on the 3rd of April because applications reached the given limits. Moreover, the Ministry of Industry and Trade did not ask the European Commission for notification according to the Temporary Framework for State aid measure.
Denmark

There are very high entry barriers for starting up WISEs: In addition to skills and know-how to start a “normal business” (i.e. a restaurant), a social entrepreneur is also required to hold special knowledge within the social and educational professions, engage in close cooperation with public authorities, to have backing from user groups and the local community etc. For this reason it can take many years to build a solid WISE.

The biggest problem is that several WISEs will not make it through the crisis. Due to that fact, there will be loss of jobs and training opportunities for vulnerable groups - which may not easily be recreated.

France

The impact is immediate on the collective and individual training projects of employees which are postponed over time. The tension over employment will ultimately saturate training organizations, which will be in high demand to support the professional transitions that will result. Also, implementation of distance learning will be put in place (notably thanks to training organizations), however, a big divide and inequality in access to digital is present.

The drop in activity will be measured, and the recovery after confinement should compensate for the losses at 80%. Wages will actually increase perhaps less quickly than expected (initially, increase planned for 07 January 2020, but postponed to 1 January 2021). Moreover, and as always, the crisis should first hit the most vulnerable - again, there will be a need to support more and differently. There will be increased competition in the job market, therefore it is up to WISEs to ensure that the people they support are armed to face this competition. However, while economic activity is at a standstill, many structures have maintained their support, and this, in significant proportions.
The challenges around the relocation of activities will lead the insertion to have to build new alliances with SMEs, local and national authorities. The stake will be in the collective capacity to carry these dynamics. The main problem encountered today is the ability of WISEs to secure employees who are still going to work, to secure those who are not there after their journey, and to reassure about future prospects. Despite the partial activity (payment of salaries by the State) there is a significant financial burden remaining for the WISEs (permanent salaries, operating costs, etc.).

WISEs are currently working on a calculation method to fix a package of additional financial assistance for the WISEs sector in order to compensate for the losses of turnover and prepare for the recovery, and the end of the crisis. Important is also to maintain the link with employees in integration despite the cessation of production. In the event of partial activity, renewals of people on fixed-term employment contracts remain possible, but new hires do not. This therefore postpones the start of the integration process during this period.

WISEs are also faced with cash flow - A too slow recovery in activity would continue to draw on the treasuries of companies, with recoveries probably very differentiated according to territories, sectors and devices. Finally, vigilance is required on the difficulties of access to the loan and possible refusal (despite the State guarantees) encountered by the companies of the network.

**Italy**

It is no longer possible to undergo internships in companies for workers in integration (the process stopped). All trainings are reduced. The entire distance learning system has yet to find the technical solutions for a reporting system. Furthermore many people do not have the digital resources to follow online training courses. The disadvantaged are the most affected. Beyond basic training, many jobs for adults will need to be created considering the economic and social conditions generated by the crisis. Regarding the profiles, the focus will have to be on strong transversal skills (communication skills, teamwork, resilience ...). Mixed partnership, in which WISEs are present in addition to a professional training centre / training agency, will have to be privileged, along with further work with social assistants and similar profile.
All disadvantaged workers with immunodeficiency problems stay at home, especially those who work in risky sectors. They are on paid leave and benefit from the "integration fund". Part of the workers who do not enter into public utility work have access to the FIS (wage integration fund) for a maximum of 936 € gross per month and for a maximum of 9 weeks.

Looking forward, WISEs are disoriented either by a perspective of no return or by web technology and smart work, and because of the conditions of support for companies which for the moment are going in two directions. The loss will be fully charged to the company and structure costs are not covered.

**Latvia**

For most WISEs the business activity has gone down (some exceptions exist, e.g. SONIDO call centre who did not feel any change at all) and therefore WISEs do not have the resources to pay any salaries to their employees. They will either have to fire some or most of their employees, or close their business altogether. WISEs are eligible to State support in Latvia, but because of different specific reasons this State support has often been denied. Not knowing how long this situation will last, it is hard to predict how they will overcome the crisis, but it is fair to say that restoring their business activity for most of them will be rather difficult.

**Poland**

All training institutions have suspended trainings and are gradually expanding their offer with further online training. Not all types of exams and trainings can be done this way.
Some service industries such as gastronomy and the beauty sector cannot operate. Within a month or two, many of these enterprises will probably go bankrupt. Most WISEs operating on the market already reduced employment and / or lowered wages. So far there is no special support dedicated to social enterprises from the State. Work is underway to redirect some ESF funds to purchases from social enterprises services supporting the fight against the crisis caused by Covid-19.

1. A sharp decline in revenues in some industries, sometimes up to zero.
2. Inability to plan activities reliably due to the unpredictable duration of the epidemic.
3. Complicated regulations regarding SME support that WISEs can use, nevertheless this is improving.
4. Low funds for financial support, not enough for everyone.
5. Support in large part through loans and shifting tax payments, which will result in increased operating costs during the coming recession.

**Spain**

There has been a drop in demand, that is, the cancellation of orders or services. Other companies have been affected by the closure of services or cancellation of contracts of public administrations. Others have had to suspend their activity for productive, organizational and technical reasons. Finally, there is the lack of supplies to continue the activity and the adoption of preventive isolation measures by the health authorities. The application of Temporary Employment Records (ERTEs) has been put in place to all or part of the working people (37% approx. structure staff, 63% approx. people at social risk).

**II. GOOD PRACTICES**

**Austria - Arbeit plus**

Up to 30 Social Enterprises in the network of Arbeit plus Austria have proven their flexibility and innovative spirit by transitioning the production in their sewing workshops to the manufacturing of reusable face-masks, which - in Austria - are obligatory to wear in supermarkets, public transport and many other places during the COVID-19 crises.
Thereby, the Arbeit plus #maskforce does not only help to fight the virus but also ensures that jobs for people deprived from the labour market are safeguarded or even created! By using upcycling materials, supplying local, regional businesses and organisations and by providing meaningful employment, it is a shining example of how Social Enterprises may act solidly united and innovative in times of crises!

**France - La Fédération des entreprises d'insertion**

One of ENSIE’s member, la Fédération des Entreprises d’Insertion, has founded a non-profit organisation together with the associations employing disabled people and working for the innovation in the work integration sector. Within the COVID crisis the association has put in place a real system for the transformation of many WISEs in production of masks. The results are that now in France you have many WISEs that have changed their activity for the masks production. The whole process here is very interesting.

**Romania - RISE**

RISE members also converted production of cotton bags to masks - such as Viitor Plus under the heading Where the Romanian state struggled, Romanian people stepped up. "We know our masks are not homologated (officially approved)", says Andreea Savin, 27, a manager at Atelierul de Panza (The Cloth Workshop), who started making cotton masks. "They are not meant for professional environments, but rather for day-to-day activities. It is very sad that we are currently receiving requests from medical personnel. It speaks volumes about the current needs and it is clear we were not prepared for what hit us."

RISE Romania made during the COVID-19 period, cotton masks that they donated to various NGOs that provide social services and people from vulnerable groups - about 3000 masks. Also, they covered the mailing cost for sending them in different location from Romania. They also prepared an offer for cotton products (pants, robe and other) for medical staff / beauty salons. They will also officially open a WISE and start promoting the products. Moreover, they will start to work on an order of equipment for the staff working on medical ambulances (via a commercial contract). Moreover, CARP Omenia - the elderly mutual organisation - are an old organisation having many innovations - and are good as an example of self-help, and active aging. For more information please visit: [http://www.carp-omenia.ro/index.php/stiri/](http://www.carp-omenia.ro/index.php/stiri/)
**Romania - Educlick**

In Romania there was a need for computers for disadvantaged children given the fact that a lot of home schooling happens online. In Romania it is estimated that 250,000 children do not have access to computers and internet for on-line schooling. Ateliere fara Frontiere has continued donating computers to disadvantaged schools and initiated a campaign to collect and recycle IT equipment for these children - this is ongoing. For more info: https://www.educlick.ro/

**Latvia - Sonido**

Sonido from Latvia has teamed up with other organizations and activists, and joined a nation-wide project https://paliec-majas.lv/ - an initiative to provide practical support for those who are staying home throughout COVID19 crisis by doing small practical tasks like bringing groceries or walking your dog or running any other practical errands. This encourages people to stay home, and offers practical support for the ones who do. If one needs help they can either apply through the website, or through calling a phone number, and SONIDO are providing the call center service for this, the phone line is operated by the same people (people with different special needs) who are working for the "Parunasim!" phone line which is a phone line for lonely people who want to just talk. There is also "Visi var!" (WISE in Sigulda city) which has started to sew face masks and have teamed up with charity shop "Otra Elpa" to sell them. They are selling them also on their online store: http://visivar.lv/kategorijas/2-aksesuari/produkti/76-sejas-aizsargmaskas

**Croatia - Humana Nova**

Social cooperative Humana Nova from Croatia (http://www.humananova.org/en/home/) which encourages the employment of the disabled and other socially excluded persons through the production and selling of quality and innovative textile products made from ecological and recycled fabrics for the needs of the domestic and the foreign markets has launched a production of new products, one-use bedding, protective masks, etc. in order to face the COVID-19 crisis.
Senior care products and services – Silver monitor are providing solutions for elderly who want to stay in their own homes, but need assistance to do so. They help families by taking time to understand their needs and then providing custom solution. For more information please check https://www.silvermonitor.care/

III. ENSIE NEXT STEPS

ENSIE is working continuously with its members to face this crisis and collects data in order to share them with governmental/European representatives and find suitable solutions, especially with the new edition of the Impact-WISEs study, and also the yearly ENSIE Award innovative solutions COVID. ENSIE will continue to support upon request its membres.

ENSIE is also active at the EU level by investigating on the use of the "De Minimis" framework for WISEs. ENSIE also insists on the necessity to review the definition of SMEs, on the recognition that Social economy actors – including Work Integration Social Enterprises (WISEs) – are key implementers of the SDGs and the EPSR. ENSIE is finally active in the current negotiation around the next EU long-term budget for 2021-2027, the Multiannual Financial Framework (MFF) and ensure that WISEs are not left behind when trying to access EU funding because of a different legal status therefore the eligibility criteria must be more flexible. Furthermore, the social and professional integration of the most disadvantaged groups must remain a priority in the current response measures and in the next programming period (MFF 21-27); EU Funds must be simplified, with a decrease of administrative burden, and more widely broadcasted. ENSIE is working towards an increase in the budget share for the ESF+ in order to allow actors working for the general interest to carry their out their social and economic mission.

No social enterprises and their disadvantaged employees should be left behind!
If you have any remarks or if you want more information, don’t hesitate to contact ENSIE:

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