

RO1 National report on the state of the art on innovative models of community enterprise development - Austria

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1 INTRODUCTION

The ComEnt project aims at developing a blended learning educational programme and associated teaching/learning resources on the innovative topic of community enterprise development. Overall, the project wishes to equip stakeholders with the necessary knowledge, skillsets and competencies to develop and enhance the development of community-owned and community-led enterprises, which would be an innovative approach to fostering social inclusion amongst marginalised groups and disadvantaged areas across Europe. Furthermore, the project wants to contribute to educating students and relevant stakeholders on the ways in which community-owned enterprises can facilitate community-led local development.

The ComEnt project defines a community enterprise as an organisation owned and managed by the community, whose mission and vision are centred on serving individuals from a defined geographical area (predominantly disadvantaged locations) and/or communities of interest (predominantly marginalised groups in society). This makes community enterprises a distinct group within the broader social enterprise sector, not only trading for social purposes but reinvesting any profits in ways that provide benefits to a particular community.

To achieve the project objectives, it is important for higher education institutions, in partnership with the community and voluntary sector, to undertake research on the topic of community enterprise. The first research output (RO1) of the ComEnt project is “National and summary reports on the state of the art on innovative models of community enterprise development”.

2 CONTEXT

2.1 COMMUNITY ENTERPRISE VS SOCIAL ENTERPRISE

The ComEnt project defines a community enterprise as an organisation owned and managed by the community, whose mission and vision are centred on serving individuals from a defined geographical area (predominantly disadvantaged locations) and/or communities of interest (predominantly marginalised groups in society). This makes community enterprises a distinct group within the wider social enterprise sector, not only trading for social purposes but reinvesting any profits in ways that provide benefits to a particular community.

However, the notion of community enterprise (*Gemeinwesen-orientierte Unternehmen* in German) does not exist in Austria. There is no separate body of academic literature in Austria on community enterprise, and the topic is generally subsumed under the research related to social enterprise.

2.2 NATIONAL POLICY AND RESEARCH ON COMMUNITY ENTERPRISE / SOCIAL ENTERPRISE

Anastasiadis and Lang (2016) state that social enterprise and social entrepreneurship appeared in the public discourse in Austria only from the late 1990s onward but that the phenomenon of social enterprise as such has a much longer history in Austria and dates back to the late 19th century. Since the end of the first decade of the 21st century has the concept of social enterprise become known to a broader public in Austria due to a sudden increase in events and newspaper series on the subject of social enterprises (Lehner, 2011).

The Social Enterprises and their Ecosystems in Europe – Country Report Austria (European Commission, 2018) identifies four distinct phases in the development of the social enterprise sector in Austria, from which four social enterprise traditions have developed in Austria. The report gives the following overview of the historical development of social enterprise in Austria:

Among pre-welfare state initiatives there exist bottom-up self-help such as community-led cooperatives, non-profit oriented charitable societies and welfare associations, which reacted on public needs and called for social rights. The phase of the state-centred corporatism was dominated by large non-profit organisations and large cooperatives, which acted as intermediaries between the state and citizens. In the 1970s several activists became promoters

of new-bottom-up initiatives in Austria, which are summarized under the term “New Social Movement”. They addressed new needs arising in society in ecological, cultural, social and political concerns and experimented with alternative forms of social and economic practises whereof the tradition of collectively founded social enterprises emerged. Since the 1990s welfare-state-rearrangements have led to a marketisation especially in the delivery of social services. In line with this development, two new trends can be observed: the emergence of social businesses and the creation of community-led cooperatives. (European Commission, 2018, p. 12)

The following table gives an overview of the social enterprise traditions in Austria as identified by the authors of the Social Enterprises and their Ecosystems in Europe – Country Report Austria (European Commission, 2018). The four traditions of social-enterprise-related organisations in Austria are classified as cooperatives, non-profit organisations (NPOs), collective social enterprises and social businesses.

	Longest-standing traditions			Younger traditions	
Social enterprise traditions	Cooperatives		NPOs	Newly established collective social enterprises	Social businesses
Characteristics	Community-led cooperatives with a focus on social aims and a community and common-good orientation	Large cooperatives with a focus on social aims and a public-benefit orientation (mainly limited-profit housing)	Collectively founded non-profit organisations with a self-help as well as a public-benefit orientation, active in several action fields	Collectively founded non-profit-maximising organisations with a public-benefit orientation, active in several action fields	Mostly individually-driven young start-ups with a social mission

Table 1 - Social enterprise traditions in Austria
Source: European Commission (2018), p. 21

In Austria, there is no particular legal form for social enterprises, and the corporate law does not make reference to the term social enterprise (European Commission, 2018, p. 31). There is also no consensus among policymakers and practitioners in Austria as to whether a uniform legal framework for social enterprises would make sense (European Commission, 2020, p. 57).

According to Anastasiadis and Lang (2016), social enterprises in Austria are legally incorporated under one of the following forms:

- Public benefit limited company (*gemeinnützige GmbH*)
- Limited company (*GmbH*)
- Association (*Verein*)
- Cooperative (*Genossenschaft*)
- Sole proprietorships (*Einzelunternehmer*)
- Catholic corporations (*Körperschaften kirchlichen Rechts*)

The first Austrian Social Enterprise Monitor Report (Vandor et al., 2022, p.21) found in its study sample that the three most common legal forms of social enterprises in Austria are the association (46.9%), followed by limited companies (35.3%) and sole proprietorships (12.0%).

The ecosystem for social enterprises in Austria is analysed in two reports by the European Commission (2018, 2020). The term ecosystem is defined in the glossary of the European Commission (2020, p. 162) report as follows:

The term presupposes an integrated approach: it is used to describe the environment within which social enterprises operate. It reflects the fact that social enterprises evolve with and develop relationships with their beneficiaries, lead producers, suppliers, stakeholders, governments, and even competitors.

The European Commission report (2018) concludes that the ecosystem, consisting of national and local policymakers, organisations that promote and recognize social enterprise activities, research and education, and exchange platforms and financial intermediaries, is quite well developed in Austria. However, many of the supporting structures are located in big cities, mainly in Vienna. One area of the social enterprise ecosystem in Austria that needs improvement, according to the report, is the financing structure and culture.

An analysis of the authorship of reports and journal articles reviewed for the ComEnt project shows that there are three universities in Austria that have scientific expertise in the field of social enterprises, namely the University of Graz, the Johannes Kepler University Linz and the Vienna University of Economics and Business. This is also confirmed by the European Commission report (2018, pp. 76-78), which mentions the same three universities, plus some other players, in the section on the research ecosystem for social enterprises in Austria.

The European Commission (2018, p.86) report also states for Austria that “the research landscape is divided in research focusing on cooperatives, NPOs, and social entrepreneurs, as well as on specific types of social enterprises such as WISEs.” In addition, the report (European Commission, p.29) identifies that: “business and management studies tend to focus on social entrepreneurship and non-profit management, while social scientists rather concentrate on typical social enterprises such as WISEs”.

3 METHODOLOGY

The research methodology to produce the Austrian national report is based on a literature review, case study research and expert interviews.

3.1 LITERATURE REVIEW

The research question for the literature review was: What is the state of the art on innovative models of community enterprise development in Austria?

For the literature review, the following two bibliographic databases were selected:

- OLAV, the online university library database of FHV
- Google Scholar

The main search terms for the literature search in these databases were determined from the project summary of the ComEnt application form in relation to the above-mentioned research question. The search terms were:

- Austria
- community enterprise
- community owned enterprise
- community-led enterprises
- social enterprise
- innovation
- innovative
- community-led local development

The search was limited to scientific articles, books and sector reports in English and German. In addition to using bibliographic databases, relevant literature was also identified using the snowball method.

The identified literature was imported into Zotero, where any missing bibliographic information was added. The data was then imported from Zotero into the qualitative data analysis software MAXQDA, where an initial screening was performed to eliminate irrelevant articles. Overall, the literature search yielded 18 relevant results, which were analysed using the qualitative content analysis approach by Kuckartz (2019).

3.2 CASE STUDY RESEARCH

Case study questions

The ComEnt project has set itself the following key research objective: To identify and reflect on best practice examples of successful community enterprise and determine their critical success factors. In addition, for the research output 1 (RO1), "National and summary reports on the state of the art on innovative models of community enterprise", the project has set itself the following objective: To analyse innovative processes and patterns pertaining to models of community enterprise in the selected partner countries and at a European level.

The literature review for Austria showed that the concept of community enterprise does not exist in Austria and that the topic is subsumed under research on social enterprises. Therefore, social enterprises rather than community enterprises were analysed in the case study research for Austria.

For the purposes of this case study research, the current European Union definition of social enterprise was used. The European Parliament and the Council in the Regulation (EU) 2021/1057 on establishing the European Social Fund Plus (ESF+) define social enterprise as follows:

'social enterprise' means an undertaking, regardless of its legal form, including social economy enterprises, or a natural person which:

- (a) in accordance with its articles of association, statutes or with any other legal document that may result in liability under the rules of the Member State where a social enterprise is located, has the achievement of measurable, positive social impacts, which may include environmental impacts, as its primary social objective rather than the generation of profit for other purposes, and which provides services or goods that generate a social return or employs methods of production of goods or services that embody social objectives;
- (b) uses its profits first and foremost to achieve its primary social objective, and has predefined procedures and rules that ensure that the distribution of profits does not undermine the primary social objective;
- (c) is managed in an entrepreneurial, participatory, accountable and transparent manner, in particular by involving workers, customers and stakeholders on whom its business activities have an impact; ([Regulation \(EU\), 2021/1057](#), p. 36)

Yin (2003), in his influential book *Case study research: Design and methods*, suggested that case study research is an appropriate strategy for "how" and "why" questions. Therefore, based on the suggestion by Yin, the ComEnt research objectives and the literature review for Austria, the following case study questions were defined to guide the research:

- Why were the case study social enterprises established?
- How do the case study social enterprises operate?

Case study research methodology

For the purpose of this research, an exploratory multiple-case study with a holistic design, where the unit of analysis is the whole social enterprise, was used based on the case study methodology of Yin (2003). The theoretical framework for the study was developed by the literature review on social enterprises in Austria.

Case study selection

Four Austrian social enterprises were selected for the case study research following a most different systems design (Mills et al., 2010). This approach aims to compare cases that are as different as possible with respect to all but the variable of interest, in this case, the social enterprise definition above. Based on the literature review and the ComEnt project document, six variables were chosen to determine the selection of case studies according to the most different systems design. In the following, a short description of the characteristics of each variable is provided.

Social enterprise model: Defourny and Nyssens (2021) provide an international typology of social enterprise models. The model places social enterprises in a triangle composed of three main interests found in the overall economy, namely general interest, mutual interest and capital interest. In addition,

the model takes into account whether organisations rely primarily on market, non-market, or hybrid resources. The model then identifies four theoretical types of social enterprise. The four types are:

- the entrepreneurial non-profit (ENP) model,
- the public-sector social-enterprise (PSE) model,
- the social-cooperative (SC) model,
- and the social-business (SB) model.

Empirical testing of these four theoretical models for Western Europe found that, with the exception of the public-sector social-enterprise (PSE) model, the existence of these social enterprise models was fully validated.

Legal form: According to Anastasiadis and Lang (2016) most social enterprises in Austria are legally incorporated under one of the following forms:

- Public benefit limited company (*gemeinnützige GmbH*)
- Limited company (*GmbH*)
- Association (*Verein*)
- Cooperative (*Genossenschaft*)
- Sole proprietorships (*Einzelunternehmer*)
- Catholic corporations (*Körperschaften kirchlichen Rechts*)

Field of activity: The comparative synthesis report of the *Social Enterprises and their Ecosystems in Europe* study (European Commission, 2020, p.133) classifies the three main fields of activities of social enterprise in Europe as follows:

- health and social services
- work integration of disadvantaged persons
- tackling of other societal challenges

Resource mix: Depending on the organisational form and the services and goods offered, social enterprises in Austria can draw on a mix of resources from public subsidies, public contracts, the sale of goods and services, membership fees, donations and other private income (European Commission, 2020, p. 78). The *Austrian Social Enterprise Monitor* Report (Vandor et al., 2022, p. 21) found in its study sample that 69.4% of social enterprises in Austria rely on a resource mix of market and non-market sources, 17.8% rely entirely on non-market sources, and 12.8% are fully funded by market resources.

Type of community: The ComEnt project proposal mentions two types of communities that are relevant in terms of community or social enterprise, namely communities of place, where people become involved because they belong to the same territory, or communities of interest, where people come together and take action around a common interest.

Use of volunteers: Unlike conventional enterprises, social enterprises often draw on the work and help of volunteers (European Commission, 2020), although this is not a necessary condition to qualify as a social enterprise.

Based on the above variables and using the most different systems design, the following four social enterprises were selected as case studies:

- *Sunnahof Lebenshilfe Vorarlberg GmbH* – Sun Farm Lebenshilfe Vorarlberg LLC (Acronym: Sunnahof)
- *Arbeitsgemeinschaft Erneuerbare Energie Vorarlberg (Gemeinnütziger Verein)* - Syndicate Renewable Energy Vorarlberg (non-profit association) (Acronym: AEEV)
- *Regionalentwicklung Vorarlberg eGen* - Regional Development Vorarlberg incorporated co-operative (Acronym: Regio-V)
- *Erneuerbare-Energie-Gemeinschaft Schnifis (EEG Schnifis)* - Renewable Energy Community Schnifis (Acronym: REC Schnifis)

Variable	Sunnahof	AEEV	Regio-V	REC Schnifis
Social enterprise model	Entrepreneurial non-profit model	Social-business model	Social-cooperative model	Renewable Energy Community
Legal form	Limited company (<i>GmbH</i>)	Association (<i>Verein</i>)	Cooperative (<i>Genossenschaft</i>)	Not yet registered
Field of activity	Work integration social enterprise (WISE) with an ecological focus	Citizen initiative for the promotion of renewable energy	Local Action Group (LAG) for regional development	Renewable Energy
Resource mix	Mostly non-market	Mostly market	Non-market	Market
Type of community	Community of interest	Community of interest	Community of place	Community of place
Use of volunteers	Yes	Partially	No	Yes

Table 2 - Selection variables for case studies

As a selection criterion, in addition to the variables mentioned above, the geographic radius of the case studies was limited to the Austrian federal state of Vorarlberg. This was done to increase the relevance of the research for the FHV Vorarlberg University of Applied Science and for practical reasons regarding access and contacts to the organisations selected as case studies. The following map shows the location of Vorarlberg in Europe.

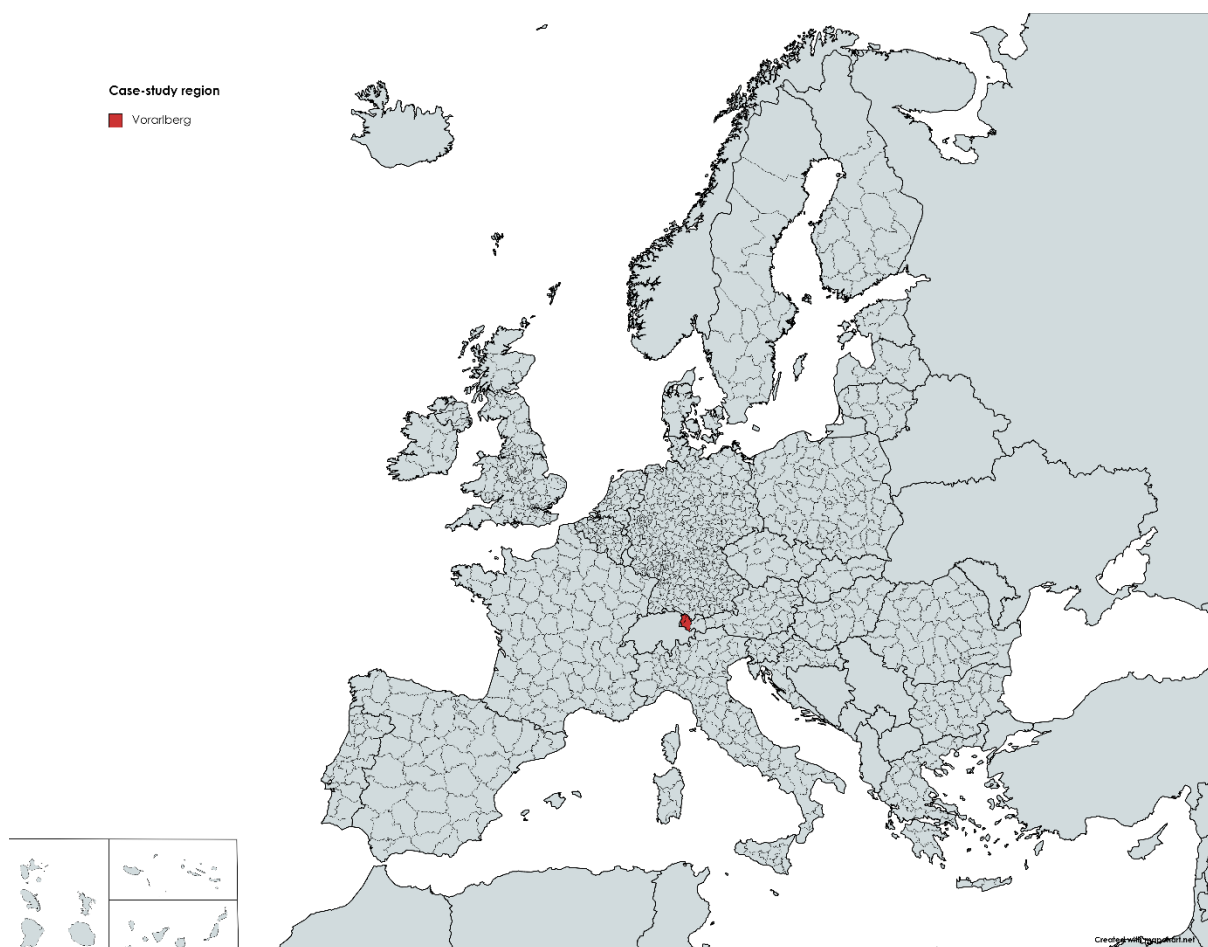


Figure 1 - Case-study region of Vorarlberg on the European NUTS3 map

Source: Author. Map created with www.mapchart.net

Case study data collection

The primary source for the case studies were four semi-structured interviews conducted with a key stakeholder of each social enterprise in the context of their organisation's location and via MS Teams. The interviews were conducted and recorded in June and November 2022 and lasted about an hour each. Full transcripts of the interviews were prepared in German and English. In addition, grey literature was collected in the form of websites, presentations and leaflets from the organisations.

Case study analysis

All case study data were imported into MAXQDA, a computer-assisted qualitative data analysis software. The data were subsequently analysed using the qualitative content analysis approach of Kuckartz (2019). The data were carefully read to gain an overall view of the material and to begin the process of coding and categorizing the data into dominant themes. An interplay of deductive (concept-driven) and inductive (data-driven) category development was used. Finally, a cross-case synthesis (Yin, 2003) was performed to derive the main findings and recommendations.

3.3 EXPERT INTERVIEWS

Three expert interviews (Bogner et al., 2009) were carried out in November 2022 with experts from the social enterprise sector in Vorarlberg via MS Teams. The interviews lasted about half an hour each. Full transcripts of the interviews were prepared in German. The transcripts were subsequently analysed with MAXQDA to filter out relevant themes connected to social and community enterprises in Austria.

4 KEY FINDINGS

4.1 COMMUNITY ENTERPRISE IN PRACTICE

In the Social Enterprises and their Ecosystems in Europe – Comparative Synthesis Report (European Commission, 2020, p.132) three types of social enterprises are identified for Austria, namely:

- Cooperative and mutual aid societies pursuing explicit social aims
- Association and foundation running economic activities
- Conventional enterprises pursuing explicit social aims

The most prominent type of social enterprise in Austria is the Work Integration Social Enterprise or WISE, which focuses on the integration of people who face difficulties entering the labour market. In 8 of the 18 documents analysed for the literature review, explicit references are made to WISE. This prominence of WISE is also consistent with international experiences, where WISE have become emblematic of the social enterprise sector (Cooney et al., 2016, p. 416). In Austria, the most important WISE model provides temporary employment with on-the-job training and social support (Cooney et al., p. 427).

Ecologically oriented work integration social enterprises or ECO-WISEs are a major subgroup of WISEs in Austria. Such enterprises are active in ecological business areas such as for example repair or recycling, waste management or organic food production (Anastasiadis, 2016). Within the group of ECO-WISE, a further distinction can be made regarding ecologically oriented work integration social enterprises focussing on re-use (re-use ECO-WISEs). They are ECO-WISE offering comprehensive re-use services, helping to reduce waste and increase resource productivity whilst at the same time providing jobs and affordable goods to disadvantaged people (Gelbmann & Hammerl, 2015).

In Austria, there is no particular legal form for social enterprises, and the corporate law does not make reference to the term social enterprise (European Commission, 2018, p. 31). Social enterprises in Austria can therefore choose between different legal forms. The cases analysed in this research have adopted three different legal forms, namely: Limited company (GmbH), Association (Verein), and Cooperative (Genossenschaft). The case study research suggests that the legal form is not an important feature of the social enterprise. The choice of legal form is based on pragmatic reasons, which include tax considerations, liability issues and administrative requirements.

The fields of activity of social enterprises in Austria are, similar to the picture in the EU, quite diverse and broad. The comparative synthesis report of the Social Enterprises and their Ecosystems in Europe study (European Commission, 2020, p.133) classifies the three main fields of activities of social enterprise in Europe as follows:

- health and social services
- work integration of disadvantaged persons
- tackling other societal challenges

The European Commission report (2020) provides an overview of the fields of activity of social enterprises and the main types of social enterprises for the different countries included in the report. The overview is structured according to welfare system types in Europe. The following table shows Austria's classification in the welfare system type “Countries with extensive non-profit welfare structures heavily supported by public resources”.

Type of SE	Social and health services	Work integration	Other societal challenges (e.g., community development, culture, innovative education, environment)
Cooperative and mutual aid society pursuing explicit social aims	Austria, Belgium, France	Luxembourg	Austria, France, Germany
Association and foundation running economic activities	Austria, France, Germany, Ireland	Austria, Belgium, France, Germany, Ireland	Austria, France, Germany, Ireland, Luxembourg
Conventional enterprise pursuing explicit social aims	Austria, France	Austria, Belgium, France	Austria, France, Germany

Table 3 - Countries with extensive non-profit welfare structures heavily supported by public resources

Source: European Commission, 2020, p. 132

The Country Report Austria of the Social Enterprises and their Ecosystems in Europe Project (European Commission, 2018, p. 50) gives a brief overview of the fields of activity of social enterprises in Austria, sorted by type of social enterprise. They are as follows:

- Small, community-led cooperatives are mainly active in fields such as social care, community energy, sustainable consumer goods provision, housing, local services provision, culture, consulting, advocacy and education.
- Larger cooperatives in the social housing sector are mainly active in the fields of construction and management of housing.
- NPOs are active in the fields of education, representation of interests, sports, arts and culture, research, and ecology.
- ECO-WISE are active in household-related services, re-use and recycling, nature protection, food services, and counselling on ecological concerns.
- Social businesses are mainly active in the fields of science and education, environment, and social inclusion or social services.

The first Austrian Social Enterprise Monitor Report (Vandor et al., 2022, p.21) found in its study sample that the three most common fields of activity of social enterprises in Austria are the health and social field (42.2%), followed by the education field (17.1%) and the field of information and communication (12.4%).

Social enterprises, which are active in the field of rural and community-led local development, is a little-studied phenomenon in Austria (Richter, 2019). The above-cited reports (European Commission, 2018; Vandor et al., 2022) do not mention rural and community-led local development as fields of activity of social enterprise in Austria at all. One explanation for this could be that there is still a lack of understanding of what a social enterprise is and that some social enterprises, therefore do not identify themselves as such (Vandor et al., 2022, p. 21). However, the Social Entrepreneurship Monitor Report (SENA, 2020) makes several references to the potential of social entrepreneurship for regional development. The report identifies the unused potential for social entrepreneurship in rural areas in the fields of tourism, agriculture, social infrastructure, local supply, and old age loneliness. Social enterprises are also a good way to keep young people in rural areas, according to the report, as they can act as a kind of social glue.

Depending on the organisational form and the services and goods offered, social enterprises in Austria can draw on a mix of resources from public subsidies, public contracts, the sale of goods and services,

membership fees, donations and other private income (European Commission, 2020, p. 78). The Austrian Social Enterprise Monitor Report (Vandor et al., 2022, p. 21) found in its study sample that 69.4% of social enterprises in Austria rely on a resource mix of market and non-market sources, 17.8% rely entirely on non-market sources, and 12.8% are fully funded by market resources.

Most social enterprises in Austria have a regional focus and only a minority operates nationwide (Anastasiadis & Lang, 2016). Social enterprises in Austria are not evenly distributed across the nine federal states and generally seem to be located in urban rather than rural areas (Lehner, 2011). Perhaps not surprisingly, the highest concentration of social enterprises can be found in Vienna, Austria's largest city (SENA, 2020; Vandor et al., 2022). Figure 2 below shows the geographic location of social enterprise headquarters in the nine federal states of Austria, based on the study sample of the Austrian Social Enterprise Monitor Report (Vandor et al., 2022).

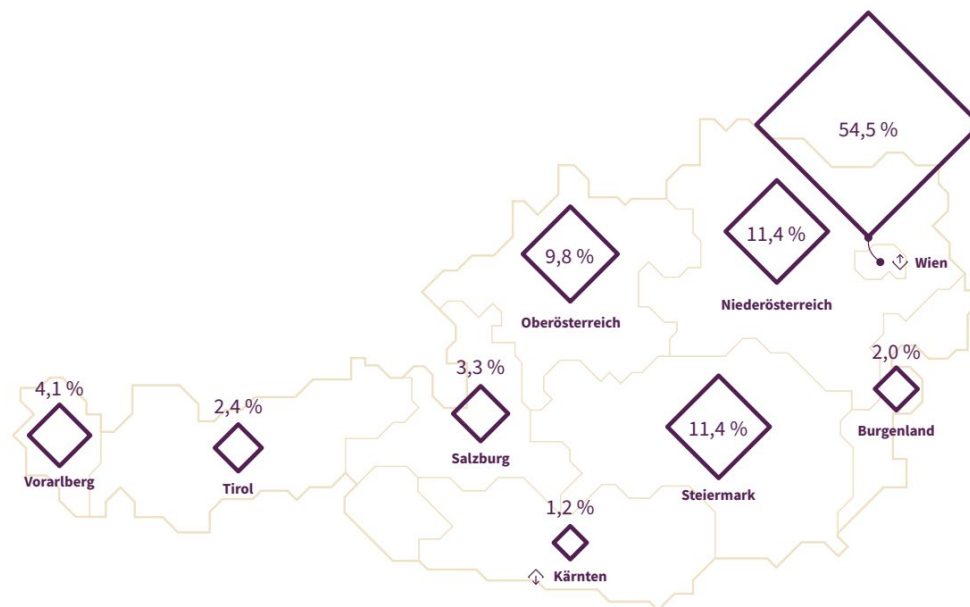


Figure 2 - Location of headquarters of social enterprises in Austria
Source: Vandor et al., 2022, p. 18

4.2 FACTORS WHICH PROMOTE COMMUNITY OWNED ENTERPRISE

The European Commission (2020) report provides an interesting overview of the main drivers boosting social enterprise development in European countries and groups the countries according to the type of welfare system. Austria is classified in the group of countries with “extensive public and non-profit welfare structures, covering the majority of the needs of the population”.

Type of welfare system	Main drivers boosting SE development	Examples of countries
Poor supply of welfare services by public providers and, traditionally, gaps in welfare delivery and strong civic engagement	<ul style="list-style-type: none"> > Bottom-up experimentation by groups of citizens of new services > Consolidation of SEs thanks to public policies that have regularised social service delivery 	Greece, Ireland, Italy, Portugal, Spain
Extensive public supply of social services, increasingly contracted out to private providers	<ul style="list-style-type: none"> > Privatisation of social services > Bottom-up dynamics 	Denmark, Finland, Norway, Sweden, United Kingdom
Extensive public and non-profit welfare structures, covering the majority of the needs of the population	<ul style="list-style-type: none"> > Public support system designed to support work integration > Bottom-up emergence of SEs to address new needs 	Austria, Belgium, France, Germany, Netherlands
Welfare systems that have undergone drastic reforms, weak associative and cooperative tradition	<ul style="list-style-type: none"> > Public policies (start-up grants) specifically tailored to support WISEs > Initiatives with philanthropic background and donors' programmes 	CEE and SEE countries

Table 4 - Drivers and trends of social enterprises

Source: European Commission, 2020, p.46

4.3 BARRIERS

The European Commission (2020) comparative synthesis report of the study Social Enterprises and their Ecosystems in Europe, provides an overview of the degree of acceptance of the social enterprise concept in Europe. The report classifies Austria in the group of countries where the social enterprise concept is “not commonly used – limited space due to traditional welfare institutions”.

Degree of acceptance	Country
Politically and legally accepted—large self-recognition	Ireland, Italy, United Kingdom
Challenged by social economy/social and solidarity economy	Belgium, France, Greece, Luxembourg, Portugal, Spain
Not commonly used—limited space due to traditional welfare institutions	Austria, Denmark, Finland, Germany, Iceland, Netherlands, Norway, Sweden
Politically and legally accepted but narrow understanding (work integration)—weak self-recognition	Bulgaria, Croatia, Czech Republic, Finland, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Serbia, Sweden
Challenged by other concepts, such as corporate social responsibility, social entrepreneurship and social innovation	Cyprus, Denmark, Estonia, Iceland, Montenegro, Netherlands, Norway, Sweden
Emerging acceptance	Albania, Malta, North Macedonia, Turkey

Table 5 - Degree of acceptance of the social enterprise concept

Source: European Commission, 2020, p.35

4.4 POLICY CONSIDERATIONS

The overview reports of the social enterprise sector in Austria (European Commission, 2018; SENA, 2020; Vandor et al., 2015, 2022) analysed for the ComEnt project identify a number of needs and make policy recommendations to improve the social enterprise ecosystem in Austria. In the following, only the needs that are relevant to the objectives of the ComEnt project are briefly presented.

Research: The European Commission (2018, p.91) report suggests extensive research on the social enterprise sector in Austria. This could help to create a common identity of social enterprises in Austria and also improve the visibility of the sector.

Impact measurement: Impact measurement does not have the same status in Austria as in other countries. The Social Entrepreneurship Monitor Report (SENA, 2020) therefore, proposes to support social enterprises and social entrepreneurs in learning and applying impact measurement methods.

Visibility: The European Commission report (2018) identifies the visibility of the social enterprise sector in Austria as a limiting factor for its development. Visibility could be increased through awareness campaigns and social enterprise education in schools and universities.

Focus also on rural areas: As mentioned above, social enterprises in Austria are mostly located in urban areas. However, there is strong potential for social enterprises in rural areas, and the Social Entrepreneurship Monitor Report (SENA, 2020, p.93) recommends stronger support for social entrepreneurship as part of regional development strategies.

4.5 EDUCATION AND TRAINING REQUIREMENTS

Several reports (SENA 2020; Vandor et al., 2015, 2022) identify a need for training and education for social enterprises and social entrepreneurs in Austria. The proposed training should improve combined competencies in the fields of business and social issues. Also, stakeholder training is proposed, in order to increase the understanding of the social enterprise concept.

Vandor et al. (2022) see a need to start with social entrepreneurship training already in schools. According to the same authors, universities could play a key role in offering programs that develop important skills in management, leadership, impact measurement, business model development and sales in the context of social entrepreneurship and also provide burnout prevention skills. In addition, Universities could play a key role by offering start-up support to directly apply learned knowledge and skills in the creation of social enterprises (Vandor et al., 2015).

The case study research does not provide a clear picture of the capacity-building needs of community and social enterprises. This is perhaps not surprising given that the sampling method was based on a most different systems design, and the organisations studied vary greatly in terms of their staffing and the way they operate. In the following, a short overview is provided of the capacity building and training needs mentioned by the social enterprises analysed as case studies.

Case study one (Sunnahof) sees a need for employees to learn how to balance economic efficiency and social thinking in the workplace. This is something the organisation would like to see addressed in educational programs for social workers and managers in the social field.

Case study two (AEEV) sees a key need in building soft skills for prospective social or community entrepreneurs. These soft skills include mindfulness, systems thinking and empathy. Developing these soft skills should already start in elementary school. Because according to case study two, the real problems in the field of renewable energies, climate neutrality and sustainability are not in the technology, not in the financing, but in the mental lack of understanding and the social inability to actually tackle the problems.

Case study three (Regio-V) sees a capacity building and training need for community animation, community mediation and storytelling techniques.

Case study four (REC Schnifis) sees a need to support the setting up of Renewable Energy Communities (RECs) with local or regional community animators. The training needs in this respect are

community animation, including group facilitation, and participatory methods and community mediation skills.

In addition to the training needs uncovered by the literature review and the case study research, the expert interviews helped to identify the themes related to community enterprise that a training curriculum might address in order to better contextualize and understand the topic. The following shows the results of the thematic analysis that places community enterprise at the centre of four squares composed of drivers and models of community enterprise and key theoretical connecting points with economy and community development.

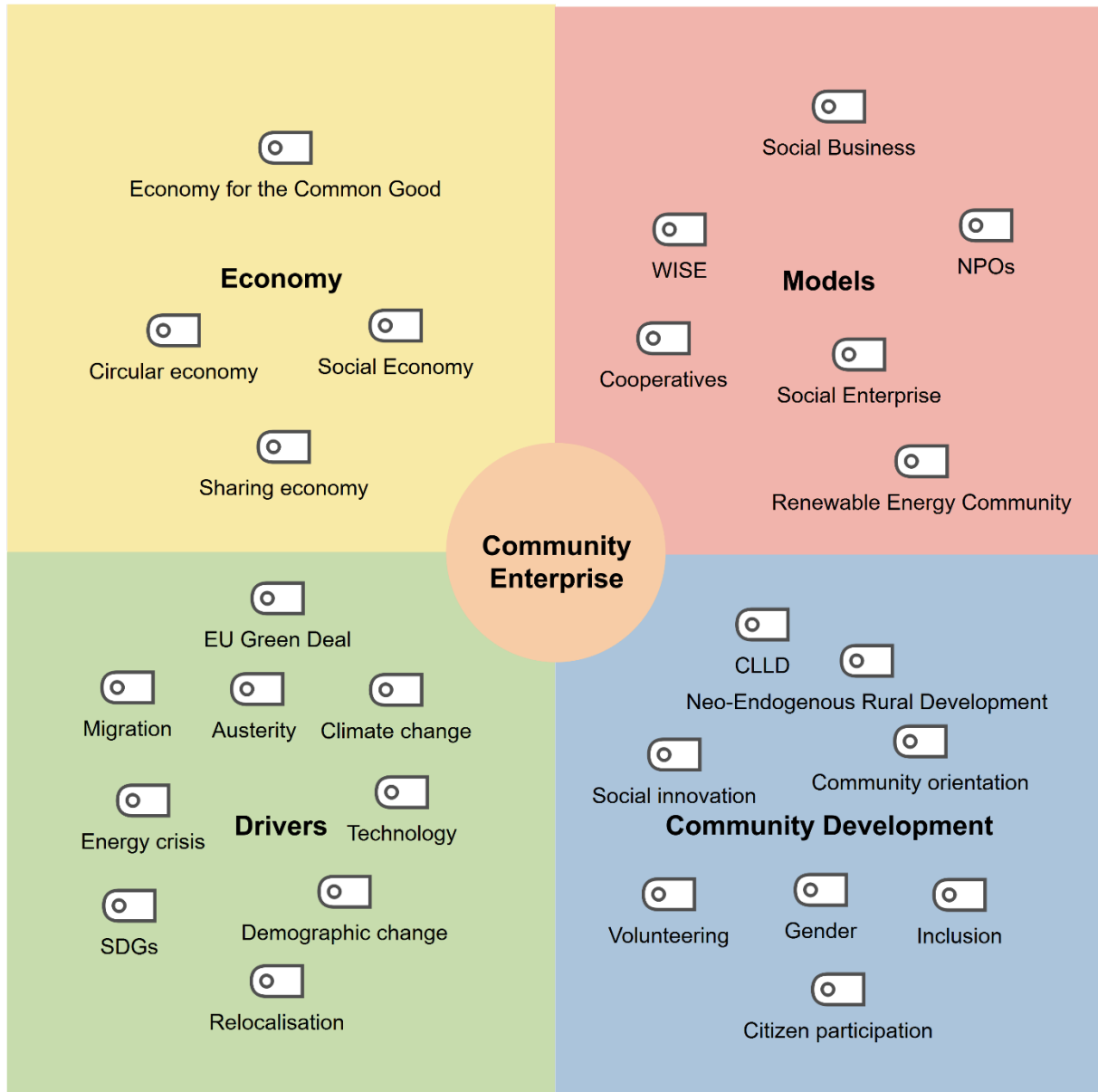


Figure 3 - Thematic analysis of data

5 CONCLUSION AND RECOMMENDATIONS

Based on the literature review and case study research, several conclusions can be drawn regarding the state of the art on innovative models of community enterprise development in Austria.

Community and social enterprises

The ComEnt project defines a community enterprise as an organisation owned and managed by the community whose mission and vision are centred on serving individuals from a defined geographical area (predominantly disadvantaged locations) and/or communities of interest (predominantly

marginalised groups in society). This makes community enterprises a distinct group within the wider social enterprise sector, not only trading for social purposes but reinvesting any profits in ways that provide benefits to a particular community.

However, as noted above, the notion of community enterprise (*Gemeinwesen-orientierte Unternehmen* in German) does not exist in Austria. There is no separate body of academic literature in Austria on community enterprise, and the topic is generally subsumed under the research related to social enterprise.

Looking at the three cases analysed for this report, the aspect of reinvesting any profits in ways that provide benefits to a particular community does not seem to be a suitable criterion to distinguish social enterprise from community enterprise. All three social enterprises analysed in this research reinvest their profits for the benefit of the particular community that they serve. So, this aspect does not sufficiently distinguish a community enterprise from a social enterprise in the Austrian context.

Another way to understand the community aspect of the community or social enterprise is to look at whether they serve a community of place or a community of interest. However, the cases analysed show that it is not straightforward to define these communities for the social enterprise, especially with regard to the communities of interest. Social enterprises, particularly focusing on communities of place seem not to be so important in Austria. This might have to do with the fact, that in Austria, many social services are organised on the municipal level by the municipalities themselves, which does not leave so much space for community enterprises to focus on the social needs of a particular community of place.

A more promising way to distinguish community from social enterprise might be to look at the origin of the enterprise, that is to say, how was it founded and by whom? The distinguishing feature could be whether it was founded by another institution or a loosely affiliated group of citizens. In this case study research, one social enterprise, namely Sunnahof, was founded by an established non-profit organisation, and another, namely Regio-V, was founded by a group of municipalities. Only one, AEEV, was founded by a group of citizens with no direct involvement from an established institution.

Recommendations:

- Define more precisely what the distinguishing features of community enterprises are and analyse the concept for its applicability to the Austrian context.
- Search for community enterprise best practice examples in ComEnt partner countries and analyse them for their transferability to the Austrian context.

Community-led local development (CLLD)

The ComEnt project aims to promote the application of a community-led local development (CLLD) approach to the creation of community and social enterprises active in the fields of work integration (training and integration of people with disabilities and the unemployed) or provision of key social services (health, wellbeing and medical care, health and childcare services, services for elderly people, or aid for disadvantaged people). Such enterprises can play an important role in enabling sustainable local development of disadvantaged communities.

The aspect of community-led local development in the context of social enterprise is a neglected research aspect in the literature reviewed. Of the three case studies, only case study three (Regio-V) explicitly pursues a community-led local development (CLLD) approach. Case study two (AEEV) also shows elements of the CLLD approach through its activities to mobilize citizens collectively and build a framework that supports community action for the energy transition. However, all three case studies show that social enterprises are innovative actors that have the potential to foster neo-endogenous rural development (Olmedo & O'Shaughnessy, 2022).

Recommendations:

- Define more precisely the connection between community-led local development and community enterprise.
- Further analyse the role of community ventures in community-led local development.

Capacity building

The literature review confirms that the objectives of the ComEnt project, which are to develop an educational program and associated teaching resources and to equip stakeholders with knowledge, competence and skills on community or social enterprise, are of high relevance for the Austrian context. The case study research, however does not provide a clear picture of the capacity-building needs of community and social enterprises. This is perhaps not surprising given that the sampling method was based on a most different systems design, and the organisations studied vary greatly in terms of their staffing and the way they operate.

Recommendations:

- Raise awareness of the potential of community enterprises for community-led local development in Austria.
- Implement the ComEnt educational programme on community-owned and community-led social enterprises.

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ANNEX – ENGLISH TO GERMAN TRANSLATION GLOSSARY OF IMPORTANT TERMS

English	German
Association	Verein
Catholic corporations	Körperschaften kirchlichen Rechts
Community enterprise	Gemeinwesen-orientierte Unternehmen
Community-Led Local Development (CLLD)	Von der örtlichen Bevölkerung betriebene lokale Entwicklung
Cooperative housing	Genossenschaftlicher Wohnbau
Cooperative	Genossenschaft
Corporatist system of the Austrian state	Sozialpartnerschaft in Österreich
Ecologically oriented work integration social enterprises (ECO-WISE)	Arbeitsmarktintegrative Soziale Unternehmen mit ökologischer Akzentuierung
General meeting	Generalversammlung
Integrative enterprises	Integrative Betriebe (IB)
Limited Liability Company (LLC)	Gesellschaft mit beschränkter Haftung (GmbH)
Management board	Vorstand
Non- profit and limited- profit housing	Gemeinnütziger Wohnbau
Non-profit employment project - Public benefit staff leasing	Gemeinnütziges Beschäftigungsprojekt - Gemeinnützige Arbeitskräfteüberlassung
Non-profit employment projects/companies	Gemeinnützige Beschäftigungsprojekte
Non-profit employment projects/companies	Gemeinnützige Beschäftigungsprojekte / Gemeinnützige Beschäftigungsgesellschaften
Public benefit cooperative	Gemeinnützige Genossenschaft
Public benefit foundations	Gemeinnützige Stiftungen
Public benefit limited company	Gemeinnützige Gesellschaft mit beschränkter Haftung (gGmbH)
Social economy	Sozialwirtschaft
Social enterprise	Soziale Unternehmen oder Sozialunternehmen
Social entrepreneurs	Gesellschaftliche Unternehmer*innen
Social integration enterprises	Soziale Integrationsunternehmen
Socio- economic enterprises	Sozialökonomische Betriebe (SÖB)
Sole proprietorship	Einzelunternehmer
Work integration social enterprise (WISE)	Arbeitsmarktintegrative Soziale Unternehmen [sozialökonomische Betriebe (SÖB) oder gemeinnützige Beschäftigungsprojekte (GPB)]

APPENDIX - CASE STUDIES

CASE STUDY 1: SUNNAHOF

SECTION A: ORGANISATIONAL DETAILS

Organisation profile

Name: Sunnahof Lebenshilfe Vorarlberg GmbH (In English: Sun Farm Lebenshilfe Vorarlberg LLC)

Location: Tufers 33, 6811 Göfis, Austria

Aims and purpose of organisation: To sustainably improve the quality of life of people with disabilities and to include them in society.

Number of staff: 45 employed staff (many part-time), approx. 70 social clients who are also part of the workforce (2022)

Number of volunteers: 9 volunteers

Number of clients: 70 social clients

Economic sector/activity: Work integration social enterprise for people with disabilities.

Principle goods/services provided by the community/social enterprise: Organic farming, nursery and garden centre, restaurant, carpentry, farm shop, various forms of housing for people with disabilities (assisted living) and events and training.

Website: www.sunnahof.or.at

Facebook: www.facebook.com/profile.php?id=100064712587142

SECTION B: REASONS FOR ESTABLISHING THE SOCIAL ENTERPRISE

Sunnahof Lebenshilfe Vorarlberg GmbH is a work integration and housing social enterprise for people with disabilities (PwD) in the Austrian state of Vorarlberg. Its name Sunnahof is a German dialect expression and can be translated as sun farm in English. Sunnahof is a subsidiary of Lebenshilfe Vorarlberg, an association founded in 1967 to support people with disabilities. The purpose of Sunnahof is to sustainably improve the quality of life of people with disabilities and enable them to participate in society.

Sunnahof was founded in 2000 and initially started with six employees. Today, the social enterprise employs 45 people, many of them part-time, and around 70 social clients who are also part of the workforce. In addition, the organisation accepts five young adults who are doing community service and four volunteers from the European Voluntary Service every year.

Sunnahof has two locations in Vorarlberg, one in Tufers (Göfis) and one in St. Arbogast (Götzis), where the organisation offers work integration and residential services for people with disabilities (PwD). The organisation operates an organic farm, a farm shop, a nursery and garden centre, a farm-to-table restaurant, a carpentry workshop and offers its location for events and training. Due to its scenic location and a playground for children, Sunnahof is also a popular destination for family outings, with about 50.000 visitors per year.



Figure 1 - Sunnahof Tufers (Göfis)

Source: [Municipality Göfis](#)

The idea to establish an agricultural project for people with disabilities was already born in the 1990s. The main proponent of the idea was Dr. Albert Lingg, then Head of the Psychiatry Department at the Rankweil State Hospital and Advisory Board Member of Lebenshilfe Vorarlberg. At that time, Lebenshilfe Vorarlberg had a small garden centre in Batschuns, but there was no possibility of involving people with disabilities in outdoor agricultural work in Vorarlberg. In 1999 the association Lebenshilfe Vorarlberg took the decision to turn the idea into reality. In 2000, Lebenshilfe Vorarlberg was able to lease the beautifully situated former farm estate of the Rankweil Psychiatric Hospital from the state of Vorarlberg. This created the basis to return this historic location, based on the idea by Dr. Albert Lingg, to its original use: to give people with disabilities a safe place to live and work in a natural environment.

SECTION C: SOCIAL ENTERPRISE OPERATIONS

Role of Stakeholders

Sunnahof has a wide range of stakeholders with an interest or connection to the social enterprise. Internally, the most important stakeholder groups are the social clients, employees and volunteers of Sunnahof. Another important internal stakeholder is the parent organisation Lebenshilfe Vorarlberg.

The most important public stakeholder is the Vorarlberg state administration, which is also the largest public funder of Sunnahof's services. Another public funder is the Austrian labour market service AMS. Sunnahof is also closely networked with other social institutions in Vorarlberg that work with people with disabilities, such as Caritas or the Institute for Social Services Ifs. These institutions also partially overlap with the community of interest, which is made up of PwD families and PwD interest groups.

Another important stakeholder group are the customers of the products and services manufactured by Sunnahof. These customers can be private consumers or business customers. In addition to the sale of products to businesses, e.g., from the carpentry shop, the Sunnahof also has important connections to companies as employers of PwD trained at Sunnahof. Sometimes companies can be customers of Sunnahof and employers of PwD at the same time. This is the case, for example, with the Frastanzer Beer brewery. This company is located in the neighbouring municipality and Sunnahof works very closely with this company. For its organic beer, the company purchases wooden beer crates from the Sunnahof carpentry workshop. Moreover, Frastanzer Beer brewery has three supported workplaces for people with disabilities.

Sunnahof is also connected to educational institutions, where they send their social clients for training or from which the Sunnahof recruits its employees or receives interns. Sunnahof addresses the general public with its advocacy work and also registers a large number of visitors every year. Some of these visitors also become private donors or buy products from the farm shop.

With regard to the local community, the Sunnahof is well embedded in the neighbourhood of the small Austrian municipality of Göfis, which has around 3.500 inhabitants. Initially, there was some minor resistance in parts of the neighbourhood when the calm around the formerly abandoned farm estate was over when the Sunnahof took over the site in 2000. The first few years were also characterized by certain reservations from some neighbours towards the people with disabilities who worked at the Sunnahof and who came by bus and walked through the neighbourhood to the Sunnahof. Because some of the people with disabilities behaved differently, there were some fears and concerns. However, this resistance and reservations quickly evaporated.

Today Sunnahof is fully integrated and accepted by the community and the municipal administration. Sunnahof is actively involved in community life; for example, it takes part in the community's annual landscape cleaning campaigns or has a market stall at folk festivals. Volunteers from the community support Sunnahof and help out when help is needed, for example, to organize a festival.

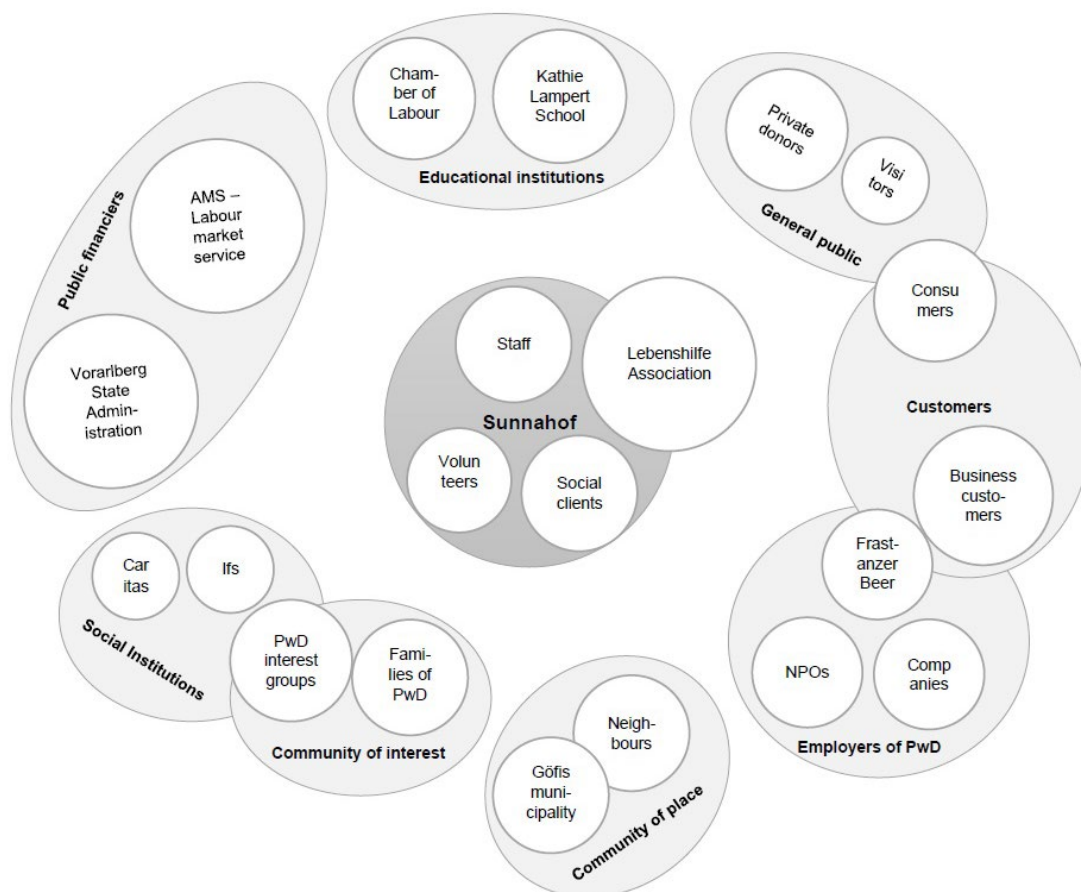


Figure 2 - Stakeholder map Sunnahof

In general, Sunnahof works together with the various stakeholder groups without tension or conflict. A possible area of tension with the community is that the Sunnahof offers services and goods, such as the sale of agricultural products and the restaurant, which are also offered by others on a market basis. Some might therefore consider Sunnahof as unfair competition as it is a subsidised enterprise. However, so far, this hasn't been a big issue, and Sunnahof is trying to be very transparent about how it works and what support it gets in order to avoid any such criticism.

Innovations

Sunnahof is constantly striving to improve its offers and services for PwD and for its private and commercial customers. To do so, the organisation always looks for innovative ways of working with PwD. Two examples of Sunnahof innovations are briefly presented below.

Mobility assistants: Many of the Sunnahof social clients come to work by public bus. In order to support the mobility of people with disabilities, Sunnahof introduced mobility assistants, which is a sort of peer-to-peer support. Mobility assistants are people with disabilities who have the competence to accompany other people with disabilities on their journeys. Before working as a mobility assistant, they receive training organised by Sunnahof in order to enable them to carry out their duties.



Figure 3 - Training of mobility assistants

Source: [Sunnahof](#)

Self-service refrigerator "Bio.Box": In 2020, during the lockdowns related to the corona pandemic and out of necessity, the Sunnahof set up several self-service refrigerators called "Bio.Box" in different locations. The self-service refrigerators contain products from Sunnahof, like sausages, eggs, juices etc. and are a direct marketing option for Sunnahof. The refrigerators are open 24/7 and have a cash register where people put in their money. It works on the basis of trust as the refrigerators are open. The Bio.Box self-service refrigerators have helped Sunnahof to increase its sales, even during difficult times like the Corona pandemic.

Impact

When measuring the impact at Sunnahof, four dimensions can be distinguished: quantitative and qualitative data and individual and social impact.

Sunnahof collects certain quantitative data to measure its impact, for example, the number of people with disabilities who were integrated in the labour market per year or the sales figures of the various sectors of operation. More important for Sunnahof is, however the qualitative impact of its work, which is much harder to measure. The personal satisfaction of the employees and the social clients is an important element of the impact. This can be partly measured and is visible, for example, in the level of personal development of the clients. Ultimately, the goal for Sunnahof is to improve the quality of life of people with disabilities, which is, however, so far not systematically measured.

In addition to the individual level of impact, Sunnahof also strives for a social impact with regard to the inclusion of people with disabilities. Again, this is difficult to measure, but proxy indicators are available. For example, Sunnahof can observe a clear impact of its work in the area of mobility for people with disabilities. In the last 20 years, the public perception of people with disabilities using a public bus has completely changed in the region, and today it is completely normal for Sunnahof's social clients to take the public bus to work.

SECTION D: FINANCIAL MANAGEMENT

The initial start-up of the Sunnahof was financed with funds from the Lebenshilfe Vorarlberg Association, private donations and support from the federal state of Vorarlberg. The managing director of Sunnahof is also in charge of the day-to-day financial management of the organisation. Since the beginning, Sunnahof is for the most part, dependent on public funding, which is usually done in the form of service agreements between Sunnahof and the Vorarlberg state administration.

In 2021, Sunnahof LLC had a turnover of EUR 3.16 million. Of this amount, 68% came from public service contracts, 16.5% from sales of goods and services, 8% from donations and grants, and the rest from other sources. Any surpluses that may be generated by Sunnahof LLC are reinvested in the enterprise.

Over the years, Sunnahof has found a good way to balance the enterprise's competing social and commercial goals. In principle, Sunnahof relies on funds from the state of Vorarlberg for its work. At the same time, the organisation is trying to increase the share of income it generates itself from the sale of goods and services. But when selling goods and services, it always puts the needs of its social clients before commercial interests, which is a clear internal policy. Sometimes this means that the enterprise will not accept an order from a commercial customer. In some cases, Sunnahof accepts the order but only processes the parts that are suitable for its social clients and subcontracts other elements of the order to a network of partner organisations and other companies.

SECTION E: LEGAL FRAMEWORK AND ORGANISATIONAL STRUCTURE

Sunnahof is legally registered as Limited Liability Company (LLC), which in German is called *Gesellschaft mit beschränkter Haftung (GmbH)*. The company was registered and is owned by the parent organisation, Lebenshilfe Vorarlberg Association. The legal form has remained the same since the beginning. The legal form, as such does not provide for any community participation. However, Sunnahof has introduced the institution of the Sunnahof spokespersons. The social clients elect from amongst themselves two spokespersons, who participate in management meetings and also formally have a say in decisions. The spokespersons are elected every two years.

The owner of Sunnahof Lebenshilfe Vorarlberg GmbH is the association Lebenshilfe Vorarlberg. The association is headed by a board consisting of a president and five board members, as well as the managing director, with an advisory vote. The board of the association Lebenshilfe Vorarlberg, which represents the owner of the Sunnahof, also includes a person with disabilities and a representative of PwD family members as community representatives.

The organisational structure of the Sunnahof follows a functional organisational design. The various areas of activity, from gardening to housing, are organised in functional units, each with a responsible manager.

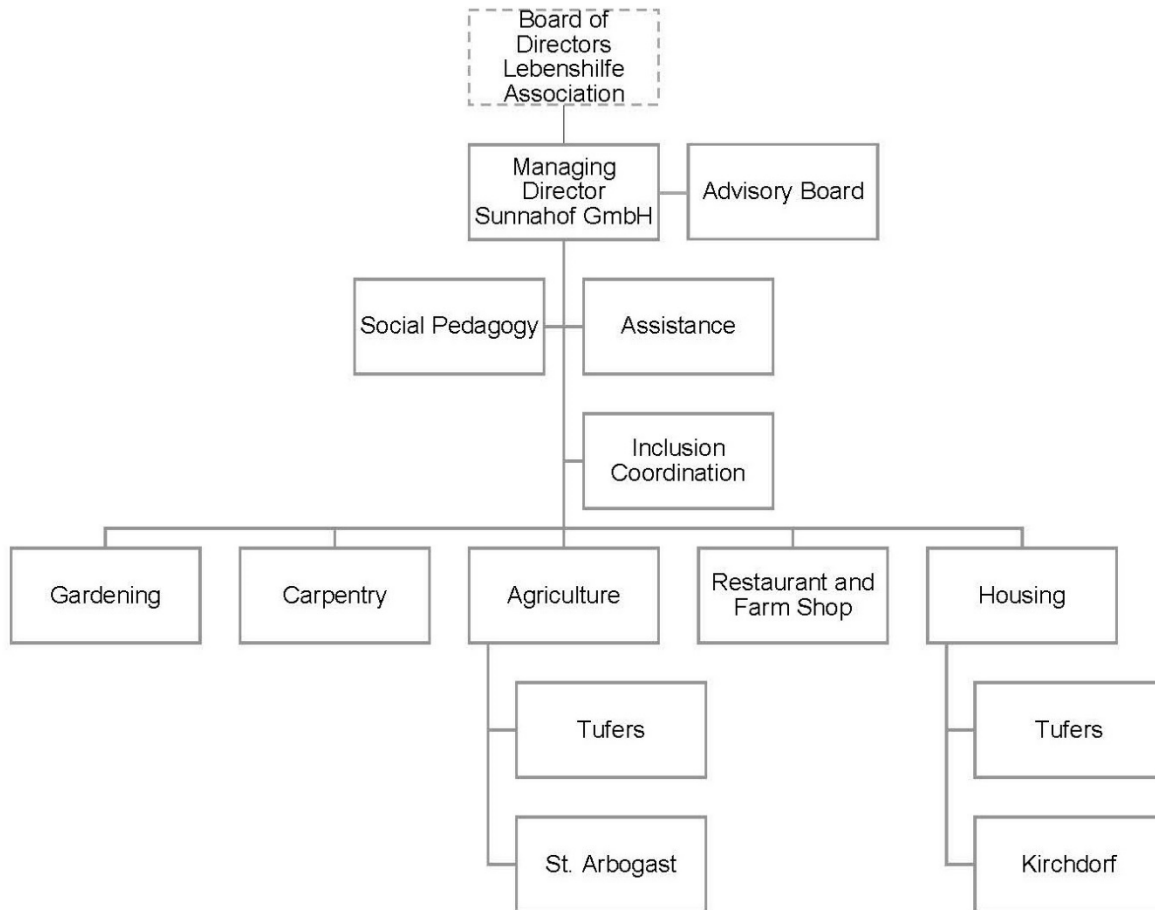


Figure 4 - Organizational chart Sunnahof Lebenshilfe Vorarlberg GmbH

SECTION F: LEADERSHIP STRUCTURES

The leadership style of Sunnahof LLC can be described as participative leadership. The major decisions are taken by the management level consisting of the managing director and the heads of the various units. These decisions are made with feedback loops with the various teams to inform them and to collect their opinion. The relatively small size of the organisation is beneficial for this type of leadership.

SECTION G: FINAL THOUGHTS

Lessons Learned by the Social Enterprise

Small is beautiful: Over the years, the Sunnahof has recognised that there is such a thing as an optimal size for the organisation. This implies that beyond a certain point further growth, even if it were possible due to new funding or market opportunities, is not desirable. This is mainly due to the fact that the current size of the organisation allows for few hierarchical levels and enables the organisation to be innovative. This is particularly important when trying out and implementing ideas from people with disabilities. The small size and flexibility of the organisation enable Sunnahof to quickly implement ideas from people with disabilities and to show them that their ideas and their work are valuable, which often gives the people with disabilities and the employees a real boost. In larger institutions, such a way of working is often not possible since new ideas eventually become blocked or bogged down in the hierarchy. The relatively small size of the social enterprise allows for a family atmosphere between staff and social clients and flexibility in organisational processes and procedures, especially with regard to the testing and implementation of innovative ideas from employees and customers.

The importance of outdoor work and nature: Over the years, Sunnahof has recognised the many advantages that the farm estate location offers. Due to the possibility of working outdoors and the close connection to nature, the location offers many advantages and opportunities for people with disabilities

and employees. This has therapeutic effects but also helps with the organisation of working schedules since the location offers different forms of work and, depending on the type of disability of the social client, a suitable activity can always be found. Also, as the seasons change, so does the work to be done, which avoids work monotony. The location is also large enough to have allowed Sunnahof to add units such as the carpentry workshop or the farm restaurant over the years.

Recreating old farm ways of life: In a way, Sunnahof is not the typical social organisation for people with disabilities. Sunnahof, with its different forms of assisted living and housing for people with disabilities close to the workplace on the farm estate, resembles somehow old farm estates where several generations used to live and work in the same place. This has proved advantageous for some Sunnahof social clients who can no longer work but still have their place there. They can still remain part of the community and help out with small jobs they still want to do, giving them a strong sense of community.

Cooperation with companies: Sunnahof has developed close cooperation with a number of companies, such as the Frastanzer Beer brewery in the neighbouring community of Frastanz. Such cooperation offers many advantages and synergies. For example, Frastanzer Beer buys wooden crates from the Sunnahof carpentry workshop, and Sunnahof buys beer from Frastanzer for its farm restaurant. Sunnahof regularly takes on work assignments such as sorting bottles at the Frastanzer Beer company and drives there with a work crew of 20 people and bills Frastanzer Beer for the hours worked. Such company assignments give some people with disabilities, who would otherwise never have a chance to work in a company, a great deal of satisfaction and pride. The close and regular cooperation with the Frastanzer Beer brewery enables mutual understanding between the organisations about their respective needs and abilities and allows for fast and unbureaucratic ways of working together.

Future Directions of the Social Enterprise

The organisation sees a further need for development in several areas. A major issue is the inclusion of people with disabilities at all levels of society. This requires further advocacy work. A field of activity that offers a lot of potential for further involvement of the Sunnahof is the issue of mobility for people with disabilities. Another area is the topic of inclusive further education, in which people with and without disabilities learn with and from each other.

Another possible future direction is working with very special clients, which are so-called "System Crashers" because they just don't fit anywhere and are extremely difficult to work with. Sunnahof, with all its diverse opportunities to involve people in work, is well positioned to offer these people a special framework and new opportunities.

Capacity Building and Training Needs

Sunnahof takes great care that new employees understand what is important for the organisation when working with its social clients and that new employees adopt the basic attitudes of the organisation.

In terms of future training needs, the organisation sees a need for employees to learn how to balance economic efficiency and social thinking in the workplace. This is something the organisation would like to see already addressed in educational programs for social workers and managers in the social field.

CASE STUDY 2: AEEV

SECTION A: ORGANISATIONAL DETAILS

Organisation profile

Name: Arbeitsgemeinschaft Erneuerbare Energie Vorarlberg Gemeinnütziger Verein (Acronym: AEEV) (In English: Syndicate Renewable Energy Vorarlberg non-profit association)

Location: Hof 19, 6861 Alberschwende, Austria

Aims and purpose of organisation: Transformation to a climate-neutral circular economy

Number of staff: 2 employed staff (2022)

Economic sector/activity: Regional interest group for renewable energy

Principle goods/services provided by the community/social Enterprise: Initiation and support of projects and processes towards a climate-neutral society, CO2 compensation for regional climate protection projects, citizen funding of renewable energy projects

Website: www.aeev.at

SECTION B: REASONS FOR ESTABLISHING THE SOCIAL ENTERPRISE

Arbeitsgemeinschaft Erneuerbare Energie Vorarlberg (AEEV) is a citizen-driven initiative for renewable energy. Its name translates into English as Syndicate Renewable Energy Vorarlberg. AEEV was founded as a non-profit association in 1999. The organisation ultimately aims for the transformation to a climate-neutral circular economy, and its slogan is: "We initiate and accompany processes for renewable energy".

The intellectual and social roots of AEEV can be traced back to the birth of civic engagement in Austria in the field of renewable energies in 1978 when the Austrian federal government wanted to build a nuclear power plant, which was prevented by a referendum (Schreuer, 2012). Another defining moment that served as a catalyst for citizen-driven renewable energy was the Chernobyl disaster in 1986. At the beginning in the 1980s the focus of citizen-driven renewable energy initiatives was on the spread of solar energy use in the form of solar self-construction systems, and some pioneers started to experiment with building their own absorbers and collectors.

AEEV was founded in 1999 by a group of renewable energy enthusiasts. The civil engineer Johann Punzenberger played a key role in the founding of the enterprise. He developed the initial organisational concept for the independent non-profit association AEEV and also became its managing director. The main intention behind the founding of the organisation was to help renewable energies to break through in the market after the technical feasibility of renewable energies had already been demonstrated in the 1990s.

Today, AEEV has two permanent employees and operates in the Austrian state of Vorarlberg. The principal target groups of the organisation are citizens and municipalities who want to be active in the energy transition. The main activity areas of the organisation are lobbying for the adoption of renewable energy, the planning and realisation of citizen-driven renewable energy projects and the development and promotion of renewable energy funding models.

The organisation has remained true to its original purpose, but over the years, has shifted the focus of its work as the industry has evolved. While the technical feasibility of renewable energies was initially the focus, this has changed over the years towards proving the organisational and financial feasibility of renewable energies projects and finally towards enhancing the political framework for renewable energies.

SECTION C: SOCIAL ENTERPRISE OPERATIONS

AEEV is organised as a non-profit association and has around 230 paying members (citizens, municipalities, companies), who constitute the primary community of interest made up of people and organisations that want to promote renewable energy in Vorarlberg. The operational area of AEEV is the Austrian state of Vorarlberg with a little more than 400,000 inhabitants in 96 municipalities. The target groups for the services of AEEV are private households, municipalities or companies who want to help shape the future of renewable energies.

AEEV's self-image is that of an enterprising organisation. Since its beginning, the association has attempted and succeeded in converting its initiatives and work into products and services that are paid for. Today the organisation offers the following services and products:

- Initiation and support of projects and processes towards a climate-neutral society
- CO2 compensation for regional climate protection projects
- Citizen funding of renewable energy projects

AEEV provides crowdfunding and process support services for citizen-driven initiatives for renewable energy projects, allowing for a high level of participation and community involvement in such projects. Through the AEEV crowdfunding model, citizens invest in local renewable energy projects and receive a payback. With this model, AEEV has so far raised and invested over 4 million euros in local renewable energy projects. The process support is offered to communities and companies and includes the organisation of climate dialogues, citizen or customer participation models in renewable energy, strategy development and feasibility studies, and information events.



Figure 1 - Citizen solar power plant in Kennelbach (AT)

Source: [Energieautonomie Vorarlberg](#)

Role of Stakeholders

AEEV has a range of stakeholders that can be broadly classified as customers, civil society partners, public funders and the general public. The main internal stakeholders of AEEV are its employees, the board and the members of the association. In addition, AEEV is also part of the Austria-wide association Klimacent Austria, which was co-founded by AEEV.

The customers consist of individual households, companies and municipalities that purchase services from AEEV. These customers can be considered as communities of place since, in most cases, the renewable energy plants are built where the customers live.

For its lobbying and advocacy work, AEEV networks and is closely connected with like-minded civil society organisations and initiatives in Vorarlberg. AEEV and its network of like-minded civil society partners can be regarded as a community of interest. The organisation has received some funding from public financiers, some of which can also be considered part of the community of interest.

Finally, the general public can also be seen as a stakeholder group that AEEV addresses through its climate cent platform and public events.

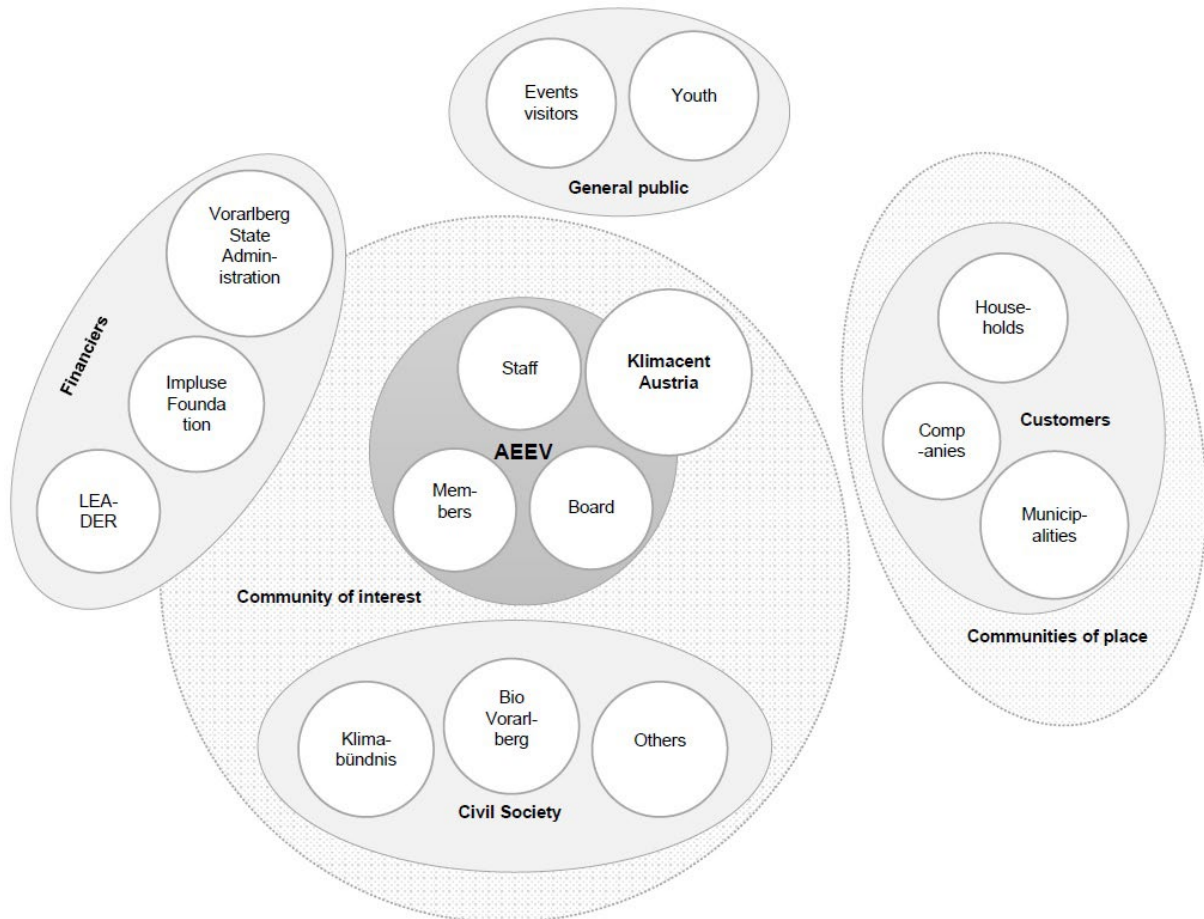


Figure 2 - Stakeholder map AEEV

One difficulty AEEV has come across with other members of the energy community is that the energy sector is heavily dominated by government-sponsored organisations and utilities, which are also dependent on political strategies. As a rather small non-profit association, it is a challenge to compete with such players in the energy market. The tension lies between cooperation and competition with these big players. On the one hand, AEEV wants to promote the energy transition and therefore cooperate with the other players in this field. On the other hand, there is a risk that the smaller player will innovate and develop new products and services, while larger players will simply take up the ideas and conquer the market with a cheaper product.

Innovations

Since its beginnings, AEEV has developed several technically and socially innovative products, the most important being briefly described below.

SolarCONTROL: This is a software product developed by AEEV that enables online monitoring of the electricity production of photovoltaic systems. The system consists of a data logger with GSM data transmission and continuous display of the production data via an online platform.

Ökostrombörse: The model of the green electricity exchange (in German: Ökostrombörse) was developed by AEEV in 2002. With the green electricity exchange, households, municipalities and

companies can financially support regionally active renewable energy producers and participate in their systems. The platform was discontinued after a big regional utility company started to offer a similar product.

Klimacent: The green electricity exchange was further developed into the Klimacent platform (in German: Klimacent). This online platform (www.klimacent.at) is available throughout Austria. The platform offers a voluntary and self-determined CO2 tax based on energy and resource consumption and forwards the funds raised to local and regional renewable energy projects. In 2020, the Klimacent platform was nominated for the renowned ÖGUT environmental award in the category of participation and civil society commitment. The Klimacent platform is also an interesting example in terms of the growth and expansion of AEEV. This initiative was launched by AEEV and, due to its success and for reasons of scale, was extended beyond Vorarlberg and is now offered throughout Austria. By the decision of the board of the AEEV, the climate cent platform was handed over to the Austria-wide association Klimacent Austria, as the area of operations of AEEV is limited to the federal state of Vorarlberg.



Figure 3 - Federal Minister Leonore Gewessler congratulates for the ÖGUT Environmental Award

Source: [Austrian Society for Environment and Technology](#)

Impact

The overarching goal of the AEEV's lobbying and advocacy work is to create a legal basis for an eco-socially just and climate-friendly circular economy in Vorarlberg. In principle, this impact could be measured, but AEEV has not yet set any verifiable indicators. However, the AEEV can already show a visible effect of its lobbying and advocacy work in Vorarlberg. In 2018, AEEV, together with nine other civil society initiatives, started a petition for climate-neutral regional energy self-sufficiency and a voluntary CO2 tax for the emissions caused by the Vorarlberg state administration. This petition was accepted by the Vorarlberg state parliament on December 13th, 2018.

At the level of the products and services provided by AEEV, the impact is easier to measure. For example, it can be measured in kWh produced by citizen solar power plants financed and built by AEEV. Other indicators would be the CO2 savings achieved by these PV systems or the number of citizens who participate as investors or owners of solar power plants.

Citizens and communities participating in renewable energy projects supported by AEEV have benefited in many ways. Renewable energy projects have increased the self-sufficiency of participating households, businesses and communities, and these projects have also been shown to be conducive to promoting community cohesion.

SECTION D: FINANCIAL MANAGEMENT

The initial start-up, which began with the development of an organisational concept for the independent association AEEV, was self-financed. It was the managing director of the association who invested a great deal of personal time at the expense of forgoing personal income. This was only made possible because the wife of the managing director had a secure job as a primary school teacher which ensured a sufficient income for the family during this time.

For the first years, the association had little income, mainly from events and sponsors. A major push for AEEV was a LEADER-funded project from 2010 to 2014. This project enabled AEEV to develop two marketable products, SolarControl and SolarInvest to approach and acquire customers. SolarControl was an online tool to control the performance of installed PV modules and SolarInvest was a tool allowing citizens to invest in local renewable energy projects. Additional funding was also acquired by AEEV from the private Impulse Foundation and the Vorarlberg State Administration.

Since then, AEEV has steadily increased its own revenue through the sale of services, membership fees and sponsorships. Today, around 80% of income comes from the entrepreneurial activity and 20% from membership fees and public funds. The entrepreneurial income is mostly generated through the sales of services and the proceeds from community power plants.

For AEEV, the percentage division of income with 80% from its own entrepreneurial activity and 20% from public funds and membership fees is an ideal division, as it ensures the sustainability and political independence of the association and, at the same time, involves the public sector financially in the public good generated by AEEV.

The surpluses generated by AEEV are reinvested in the further development of the organisation and the achievement of its strategic goals. The organisation must also build up a capital reserve and pay for the insurance of the solar photovoltaic systems where it acts as a contractor. Because if a system fails, for example, due to hail or technical reasons, and there is no revenue from the system, AEEV still has to repay community capital and service subordinated loans.

A challenge identified by AEEV in terms of balancing the organisation's social and commercial objectives relates to staff employment. The area in which AEEV operates requires a high level of technical know-how and training of the employees. Such people are in great demand in the private energy industry. As a social enterprise, AEEV is unable to pay salaries similar to those paid in the private sector. It is therefore important to find employees who have a high level of intrinsic motivation and are willing to forego a higher salary in order to work for the common good.

SECTION E: LEGAL FRAMEWORK AND ORGANISATIONAL STRUCTURE

AEEV is legally registered as a non-profit association, which in German is called *Gemeinnütziger Verein*. The association was registered in 1999 and the legal form has remained the same since the beginning. The legal form as such is ideal for community participation since anyone interested can become a voting member of the association.

The Board of Directors is the strategic decision-making organ of AEEV. It is made up of six members who contribute their time on a volunteer basis to AEEV. The six board members have the following roles: Chairman, Deputy Chairman, Secretary, Treasurer, Advisor. An ordinary General Assembly takes place annually.

The relationship between the managing directors and the board of directors is a relationship of trust and has been very good over the years. This is especially important for an association that engages in commercial activities because the board members take on the entrepreneurial risk and are personally liable with their own property.

The Austrian association law foresees that associations can engage in economic activities, and the federal tax code distinguishes between two types of operations for associations, which are treated differently for tax purposes. The first type of commercial operation is called “essential auxiliary services” and is tax-exempt. The second type of commercial operation is called “expendable auxiliary services” and is not tax-exempt.

To carry out its mission, AEEV has set up an essential auxiliary services unit and an expendable auxiliary services unit, each with its own managing director. The essential auxiliary unit carries out all work of AEEV with regard to lobbying and advocacy, information and public relations work, project development and quality assurance measures. The expendable auxiliary services unit carries out all work with regard to the operation of community solar power plants as well as process support services for municipalities and companies.

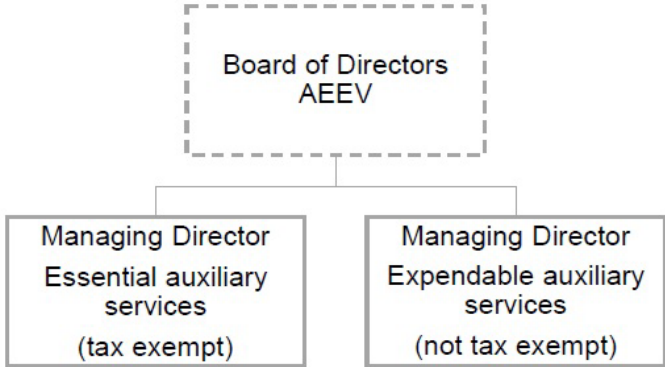


Figure 4 - Organizational chart *Arbeitsgemeinschaft Erneuerbare Energie Vorarlberg Association*

SECTION F: LEADERSHIP STRUCTURES

AEEV is a rather small social enterprise with only two employees. The main strategic decisions of AEEV are taken by the Association's Board of Directors. All operational and daily management decisions are made by the two managing directors. The leadership style of the organisation can be described as cooperative leadership, with good and trusting coordination between management and the board of directors.

SECTION G: FINAL THOUGHTS

Lessons Learned by the Social Enterprise

Business case: One of the most important lessons learned for AEEV is that initiatives that are not planned and implemented with a business perspective do not last because they depend too much on committed people or public funding. Therefore, it is important for a social enterprise to develop a business case from the beginning of its activities that allows the enterprise to grow. According to AEEV, services provided by a social enterprise for the general public or for nature must be understood and defined as a product if they are to function in the long term. Over the years AEEV has successfully tried to convert the association's work into products and services paid for by customers and supporters.

Co-operation and competition: Cooperation is a key concern and also a strategic approach for AEEV to achieve its goals. AEEV, therefore, seeks cooperation with other civil society organizations and also with the private and public sectors. However, over the years AEEV has had to learn that the renewable energy sector is also a competitive market and that energy utilities, who have been indifferent to the sector in the past, have become competitors. This is particularly challenging when, for example, the association invests time and money to bring innovative products to market and energy utilities take up the idea and crowd out the smaller competitor due to their market power. AEEV has therefore learned to select its cooperation partners strategically in order to avoid such scenarios as far as possible. Another interesting aspect in this context is that there is also a kind of competition with the public sector for such initiatives as AEEV. Because as soon as a civil society initiative is successful, the public sector and politics have an interest in integrating this as a public task into their administration, which is right

and important in principle, but then there is a risk that the drive for innovation will be lost and that administrative inertia takes over.

Legal form: The legal form of AEEV is that of a non-profit association. Since the association is commercially active, the members of the board bear a personal entrepreneurial risk, which requires a solid relationship of trust between the board and the managing directors. If such a relationship of trust is lacking and if the board members are not willing to take a personal financial risk, then the legal form of an association would not be the most suitable structure for setting up a social enterprise. The alternative would be to set up a public benefit limited company (in German: *Gemeinnützige Gesellschaft mit beschränkter Haftung*). However, in that case, AEEV would need shareholders and equity and would have a different tax situation. All in all, AEEV considers the legal form of association ideal for establishing a social enterprise, provided that the board is willing to bear a personal financial risk. That is why AEEV believes, that the public sector should really appreciate the association boards much more, in whatever form, because they are the enablers and incubators for innovative social enterprises. One way of doing this, for example, could be to alleviate the burden of the personal financial risk for board members, by introducing a form of a public guarantee or insurance scheme for associations that take on commercial risk.

Future Directions of the Social Enterprise

With a view to the future, AEEV sees the most important task in ensuring the rules of an ecologically and socially just, climate-friendly circular economy. In order to achieve this, many structural and legal changes are still necessary. A convergence and close cooperation of civil society initiatives dealing with sustainability in various areas from organic agriculture to nature conservation and renewable energies, is required for this to happen.

Capacity Building and Training Needs

In terms of future training needs, the organisation sees a key need to build soft skills for prospective social or community entrepreneurs. These soft skills include mindfulness, systems thinking and empathy. According to AEEV, such an emphasis on soft skills should actually already start in elementary school. Because the real problems in the field of renewable energies, climate neutrality and sustainability are not in the technology, not in the financing, but in the mental lack of understanding and the social inability to actually tackle the problems.

CASE STUDY 3: REGIO-V

SECTION A: ORGANISATIONAL DETAILS

Organisation profile

Name: Regionalentwicklung Vorarlberg eGen (Acronym: Regio-V) (In English: Regional Development Vorarlberg incorporated co-operative)

Location: Hof 19, 6861 Alberschwende, Austria

Aims and purpose of organisation: LEADER Local Action Group

Number of staff: 3 employed staff (2022)

Economic sector/activity: Local and regional development

Principle goods/services provided by the community/social enterprise: Service point for the implementation of the LEADER funding program in the member regions

Website: www.regio-v.at

SECTION B: REASONS FOR ESTABLISHING THE SOCIAL ENTERPRISE

On January 1, 1995, Austria joined the European Union. This created the opportunity for the rural regions of Austria to participate in the LEADER¹ program launched by the EU in 1991. The REGIO Bregenzerwald, a spatial planning association of the municipalities in the Bregenzerwald region, founded the *Regionalentwicklung Bregenzerwald GmbH* (Regional Development Bregenzerwald LLC) in 1997 as a 100% subsidiary to access and implement EU funds. After initial positive experiences with the implementation of EU-funded projects, other regions wanted to join and in 2001 a new association called *Entwicklungsverein Natur- und Kulturerbe Vorarlberg* (Development association for natural and cultural heritage in Vorarlberg) was founded. A few years later, in 2007, the association was renamed *Regionalentwicklung Vorarlberg* (Regional Development Vorarlberg). The association has 51 member municipalities from 7 regions of Vorarlberg. In 2011, the association founded the cooperative Regionalentwicklung Vorarlberg eGen (Regio-V) for all its operational tasks.

Regionalentwicklung Vorarlberg eGen (Regio-V) is the local action group (LAG) for the LEADER program in the following seven rural regions of Vorarlberg: Montafon, Klostertal-Arlberg, Brandnertal, Großes Walsertal, Laternsertal, Bregenzerwald, Leiblachtal. The area has a size of 1,726 km² and about 80,000 inhabitants. More than half of the 51 municipalities in the LAG area have fewer than 2,000 inhabitants. Regio-V has three employees, two of whom work part-time. The vision of Regio-V for its member municipalities is defined as “lively villages” and its mission is “shaping a responsible future together.” The three main roles of the LAG are Funding Advisory Centre, Network Unit, Social Innovation Enterprise.

As a funding advisory centre, Regio-V provides funding advice for LEADER applicants, offers project support and evaluates project proposals. As a network unit, Regio-V fosters the establishment of regional and transnational personal and economic networks. And finally, as social innovation enterprise, Regio-V develops and implements projects in strategically relevant areas, that no other project sponsor wants to carry out.

¹ LEADER stands for *Liaison entre Actions de Développement de l'Economie Rural* (Links between the rural economy and development actions). The LEADER Programme is implemented under the national and regional Rural Development Programmes (RDPs) of each EU Member State, co-financed from the European Agricultural Fund for Rural Development (EAFRD).

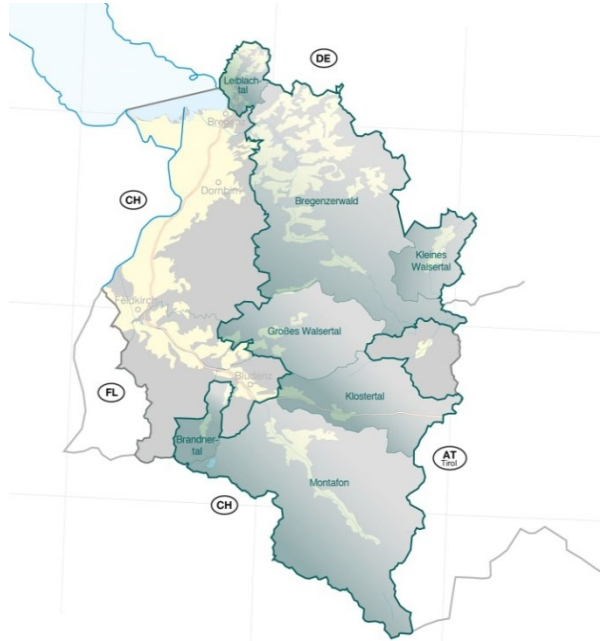


Figure 1 - Regionalentwicklung Vorarlberg LEADER region

SECTION C: SOCIAL ENTERPRISE OPERATIONS

With regard to the LEADER programme, the LAG follows a multiannual strategic plan. The most recent strategic plan for the period 2023-2027 was developed in a five-month, highly participatory process involving 250 people from politics, public administration, associations, municipalities, companies and specialist organisations. This strategy is the basis for providing funds for community-led local development projects. A project selection committee consisting of 10 members of the LAG makes the funding decision for each project.

Role of Stakeholders

The involvement of local communities is at the heart of the LEADER programme. Regio-V as a LAG fosters the participation of municipalities, the private sector and civil society in Community-Led Local Development (CLLD). Regio-V has a range of public and private stakeholders and building a relationship of trust with these stakeholders is an essential cornerstone of its work. Internally, the most important stakeholders are the members of the cooperative, the decision-making body and the staff of Regio-V.

Several key public stakeholders have an influence over the strategy and funding of Regio-V. From a financial point of view, the most important stakeholders are the EU funding programs LEADER and Interreg. Their strategies and funding directly affect the strategy of Regio-V. The Federal Ministry of Agriculture, Forestry, Regions and Water Management is the responsible ministry in Austria for the LEADER program. At the state level, the Vorarlberg Agricultural District Authority is the responsible public body for the LEADER program. Other important public actors for Regio-V are the Vorarlberg state administration and the Vorarlberg municipal association.

The other stakeholder groups of Regio-V can be divided into communities of place and communities of interest. Communities of place consist of municipalities, citizen initiatives, regional associations and companies in the LEADER area of Regio-V. Communities of interest consist of interest groups and specialized organisations that can also be located outside the LEADER area of Regio-V. Part of the community of interest of Regio-V is the LEADER-forum Austria, which is a network of all 77 LEADER regions in Austria.

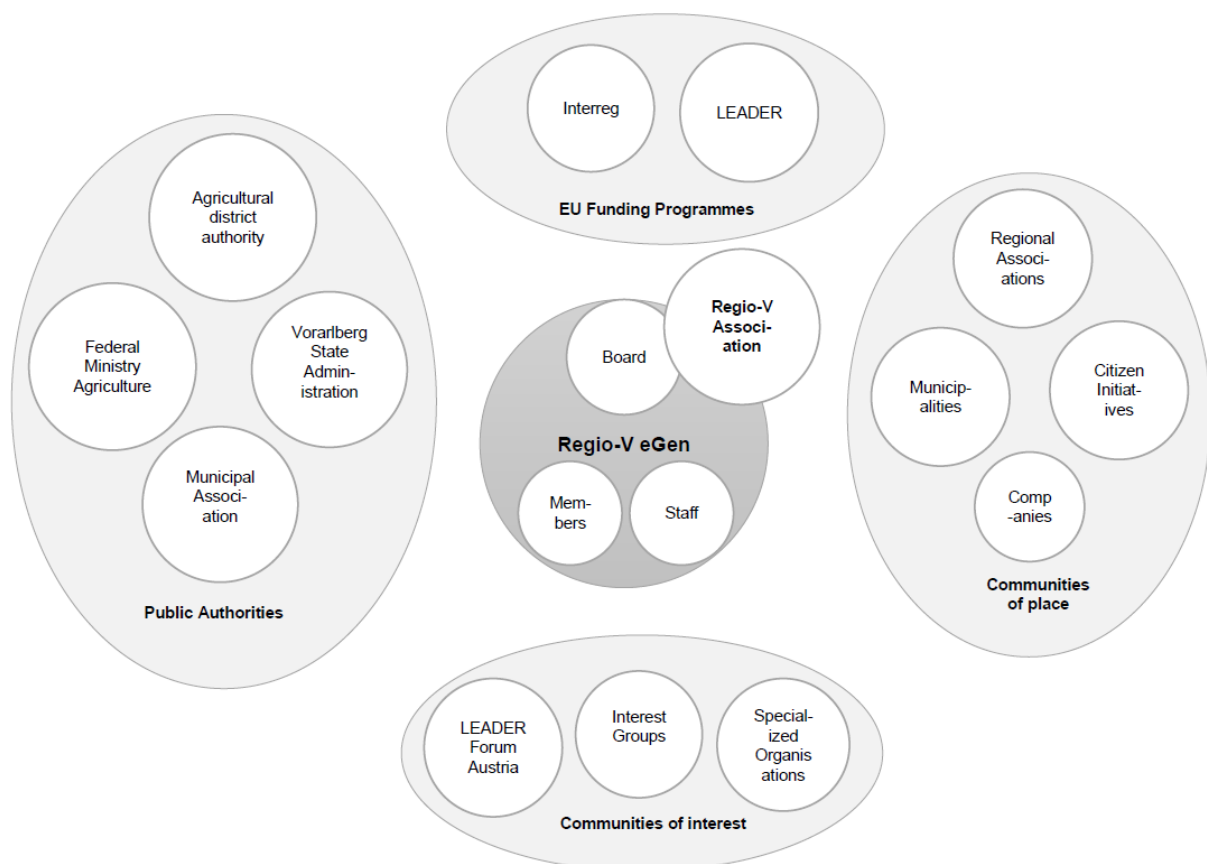


Figure 2 - Stakeholder map Regio-V

Innovations

LEADER is not only about financing local project initiatives, but is also strongly innovation-oriented. The program is based on the idea that rural development is achieved through experimentation and the promotion of social innovations as reforms by the people concerned. Regio-V therefore sees itself also as a test laboratory for social innovation in the LEADER region. In its role as an innovation-oriented social enterprise, Regio-V has developed and implemented numerous innovative LEADER and Interreg projects, two of which are briefly described below.

Leader Project Engagiert Sein: The LEADER project *Engagiert Sein* (in English: Being Involved) was directly implemented by Regio-V from 2015-2019. The project aimed at supporting civil engagement through volunteer coordinators and committed persons and wanted to examine the effect of volunteer mobilization using practical examples. The project was implemented in 18 municipalities of the LEADER region and employed five coordinators who mobilized citizens as volunteers. The coordinators were in close contact with people of the local society (civic society, municipality, public and private institutions), ensuring a link between the institutions and individuals. The project strengthened regional stakeholder networks and played a bridging role by connecting volunteers and relevant institutions.

Leader Project Neue Nachbarschaft: The LEADER project *Neue Nachbarschaft* (in English: New Neighborhood) was implemented directly by Regio-V from 2019 to 2022. The project addressed a highly relevant topic for social innovation, namely the expensive housing sector in Vorarlberg. The focus of the project was the exchange of experiences and the transfer of knowledge on the opportunities of welfare-oriented, cooperatively organized forms of housing for rural areas.



Figure 3 - Workshop for welfare-oriented forms of housing
Source: [Regio-V](#)

Impact

As part of the next multi-year LEADER strategy for the period 2023-27, Regio-V has developed an impact model and defined indicators together with all other LAGs in Austria. This enables comparison and aggregation of the impact of the LEADER program across Austria. However, the indicators are mostly quantitative aggregations of results. In order to really understand the impacts of the different projects on the communities and regional development, ex-post impact evaluations would be required, which are not systematically carried out due to a lack of financial resources for this.

SECTION D: FINANCIAL MANAGEMENT

Regio-V is financed from public funds and membership fees from the members. The LAG management, the service structure for the LEADER programme, is funded 70% from public funds, with the remaining 30% coming from its members. Any profits and accumulated assets are not distributed to members. The funds are only used for the purposes specified in the statutes.

SECTION E: LEGAL FRAMEWORK AND ORGANISATIONAL STRUCTURE

Regio-V consists of two legal entities, a strategic association with 51 member municipalities and an operational cooperative. The association was founded in 2001 and the cooperative in 2011. The association itself is also a majority member of the cooperative and the persons on the board of the association and the cooperative are identical. Under the abbreviation Regio-V, the Vorarlberg Regional Development Association (*Verein Regionalentwicklung Vorarlberg*) and the Vorarlberg Regional Development Cooperative (*Regionalentwicklung Vorarlberg eGen*) appear to the outside world as a single entity. The general assembly of the association takes place annually together with the general assembly of the cooperative.

The cooperative was founded for the purpose of serving as a local action group (LAG) for the LEADER programme and other EU structural funds. The cooperative employs the LAG management consisting of three staff: LAG Manger, LAG Management Assistant, Project Manager international projects and public relations. The members of the cooperative are, besides the Regio-V association, representatives of the regions from the LEADER area, the Vorarlberg Municipal Association, interest groups, and specialized organisations. The geographic area of activity of Regio-V is the member communities within the federal state of Vorarlberg. In the case of transnational projects, the area of activity can also extend to the area of the European Union or all of Europe, whenever there is a clear benefit of the project for Vorarlberg.

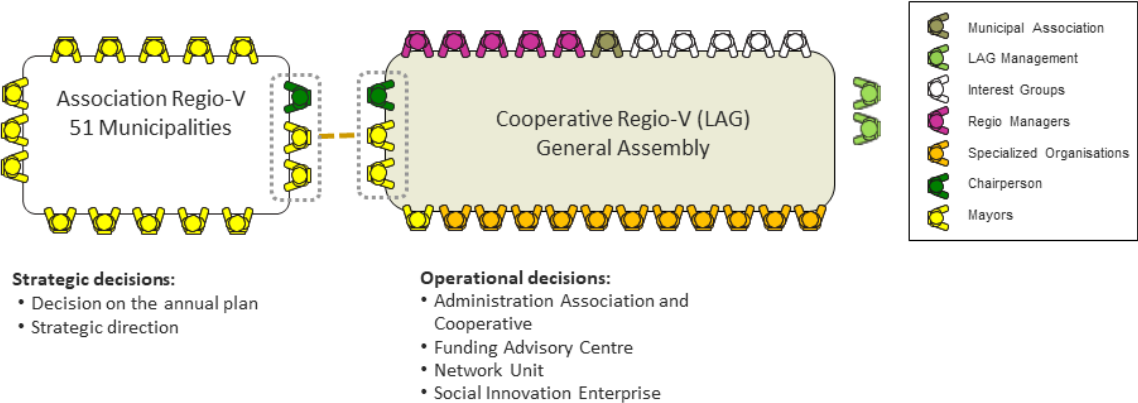


Figure 4 - Organizational chart Regionalentwicklung Vorarlberg

Compared to the association, the legal form of the cooperative has the advantage for Regio-V that it is externally audited by a recognized auditing association for cooperatives and offers more organisational regulations. It also has the advantage that, as a cooperative, Regio-V is entitled to input tax deductions and can easily carry out projects together with its member organisations. It is interesting to note in this context that most of the other LAGs in Austria are organized as associations.

SECTION F: LEADERSHIP STRUCTURES

Regio-V is based on a public-private partnership. Its organisational form reflects LEADER's basic democratic-political approach of handing over decisions and public funds to a self-organised group that is responsible for the local LEADER strategy and its implementation. Decision-making within Regio-V has two aspects. One of them is the decision-making within the LEADER program. The other is the decision-making in Regio-V as an organisation.

The leadership style of Regio-V can be described as a democratic leadership style, where the members of the LAG participate in the decision-making process. The members of the cooperative are involved in the project selection team and can participate in working groups.

SECTION G: FINAL THOUGHTS

Lessons Learned by the Social Enterprise

One of the lessons learned is that the endogenous potential for rural development is higher in regions that have retained some sort of regional identity coupled with regional pride. Such areas are characterized by a higher level of social capital and trust between the different public and private stakeholders relevant to the implementation of LEADER projects.

Future Directions of the Social Enterprise

The main thematic topics for the future direction of Regio-V are defined in the LEADER strategy for the period 2023-2027. They involve the promotion of a regional circular economy, the sustainable development of natural and cultural assets, the improvement of living conditions for families and the rethinking of mobility in rural areas.

A possible future direction for Regio-V is the implementation of the community-led local development (CLLD) method beyond the LEADER funding. The EU now promotes a multi-fund concept where LAGs can access other funds besides LEADER to explore new topics and work with new beneficiaries. Therefore, CLLD with multi-fund financing represents the future prospects of LEADER as participatory regional development. This strategy can further boost the population's existing potential to achieve joint regional goals, and for the LAG it involves better planning of funding.

Capacity Building and Training Needs

Regio-V as LAG is not just a decentralized body for disbursing EU funds, and its role is not simply to await applications for funding and then, if appropriate, select those projects to be funded. Rather, a very important task of the LAG is to encourage potential project sponsors to submit applications for projects that give the LAG strategy a boost - the main focus is therefore, not on project selection but on project initiation or project development. Regio-V thus contributes to the capacity building of local project sponsors.

Regio-V itself has only three employees, which are highly skilled in project management and participation processes including communication, creativity and mediation techniques. However, with regard to the members of the Regio-V and the LEADER project sponsors, several training and capacity-building needs can be identified.

Community animation: Community animators can play an important role in unleashing the potential of small local initiatives and supporting volunteerism in a region. At the municipal level, there is, therefore a need for low-threshold training in community and volunteer animation.

Community mediation: One of the most important reasons why good ideas are not implemented or projects fail are conflicts and differences of opinion between those involved. Qualified community mediators at local and inter-municipal levels could play an important role in improving the design and implementation of community-led local development projects.

Storytelling techniques: Community-led local development projects need to inspire people to get involved. The best way to do this is to develop a narrative capable of creating a sense of community and inspiring people. LEADER project sponsors would therefore benefit from learning basic storytelling techniques. The same goes for farmers and other rural producers who should learn to tell a story about their product to add value and customer loyalty.

CASE STUDY 4: EEG SCHNIFIS

SECTION A: ORGANISATIONAL DETAILS

Organisation profile

Name: Erneuerbare-Energie-Gemeinschaft Schnifis (Acronym: EEG Schnifis) (In English: Renewable Energy Community Schnifis) (REC Schnifis)

Location: Jagdbergstraße 200, 6822 Schnifis, Austria

Aims and purpose of organisation: Sale of privately generated electricity within the Renewable Energy Community (REC). Promotion of the energy transition.

Number of staff: Municipality staff and volunteers

Economic sector/activity: Renewable energy, local and regional development, agriculture and energy sector coupling

Principle goods/services provided by the community/social enterprise: Renewable energy

SECTION B: REASONS FOR ESTABLISHING THE COMMUNITY ENTERPRISE

The concept of Renewable Energy Communities (REC) has its origins in the Clean Energy for all Europeans legislative package proposed by the European Commission in 2016 and adopted by the European Union in 2019 (European Commission, 2019). One important element of the package is the Directive (EU) 2018/2001 of the European Parliament and of the Council on the promotion of the use of energy from renewable sources which provides the official definition of RECs as follows:

‘renewable energy community’ means a legal entity:

- (d) which, in accordance with the applicable national law, is based on open and voluntary participation, is autonomous, and is effectively controlled by shareholders or members that are located in the proximity of the renewable energy projects that are owned and developed by that legal entity;
- (e) the shareholders or members of which are natural persons, SMEs or local authorities, including municipalities;
- (f) the primary purpose of which is to provide environmental, economic or social community benefits for its shareholders or members or for the local areas where it operates, rather than financial profits; ([Directive \(EU\) 2018/2001](#), p. 103)

Austria transposed the Directive (EU) 2018/2001 into national law with the [Renewable Energy Expansion Act Package](#) (EAG)² in July 2021. Renewable Energy Communities (REC) are at the heart of this legislative package. Prior to the new law, citizens could not supply energy directly to other citizens as a supplier license was required to sell electricity. With the new law, this is no longer required and citizens can form a REC which may produce energy from renewable sources, consume such energy, store it or sell it to the community members. REC must have two or more members which may be natural persons, municipalities, local authorities or SMEs (EAG, Section 79). The RECs are a promising new instrument of Austrian and European energy policy, which should actively involve the population in the energy transition and make a significant contribution to the decentralization, decarbonization, democratization and digitization of the energy system.

In January 2020 a pilot project for the first REC in the Austrian federal state of Vorarlberg started in the small municipality of Schnifis. The basic idea of the REC Schnifis is the coupling of sectors between agriculture and energy production. The REC Schnifis started with 23 members made up of 18 households, a dairy farm, the municipality, two SMEs and the local dairy cooperative. Electricity is produced with individual household photovoltaic systems and a community photovoltaic system built with the participation of citizens, and through a biogas plant, that converts whey and liquid manure from agriculture into electricity. The combination of the biogas system with the solar systems offers the

² Bundesgesetz über den Ausbau von Energie aus erneuerbaren Quellen (Erneuerbaren-Ausbau-Gesetz – EAG), BGBl. I Nr. 150/2021

advantage that the biogas system can step in at night and in bad weather when the photovoltaic systems are not generating electricity. The municipality played a key role in the launch of the REC Schnifis during the pilot phase. With the end of the pilot phase, the REC is ready to be legally registered.



Figure 1 – Municipality of Schnifis

Source: imwalgau.at

SECTION C: COMMUNITY ENTERPRISE OPERATIONS

The REC Schnifis has 23 consumers and producers of electricity, of which 10 are prosumers, meaning that they both consume and produce electricity. The aim of the REC is that the energy produced in the community is used directly in the community so that the financial and energetic added value remains in the region. If the REC produces less electricity than it consumes, it can buy electricity from the grid at market price. If it produces more than it consumes, it can sell it on the grid at market price. A web-based "many-to-many" billing tool obtains real-time data from electricity smart meters every quarter of an hour and divides the REC electricity between the REC members according to a simple, dynamic allocation key, visualizes it and provides balance data for billing. According to initial estimates, the REC Schnifis produces around 500,000 kWh of electricity per year. In addition to the billing of electricity, the REC is also supposed to take care of plant operation, the marketing of surplus electricity and customer service. The REC can decide for itself whether it wants to build up competencies for these activities itself or use qualified service providers for this. This is a decision that the REC Schnifis needs to take after the end of the pilot phase and before it starts full operation.

Role of Stakeholders

The pilot project to establish the REC Schnifis was initiated by Matyas Scheibler and his company Energiewenden. A major reason for the initiation of the REC pilot project in Schnifis was the biogas plant at Stachnisshof, a dairy farm in Schnifis. Due to the end of the funding period and the resulting sharp reduction in feed-in tariffs for electricity, the operation of the biogas plant became uneconomical. Establishing a REC was a possibility to make the operation viable again, independent of government

subsidies. First preparatory work and studies had already begun in 2017 and led to the launch of the pilot project in 2020.

The pilot project was set up as a public-private partnership with the municipality of Schnifis playing a central role. The pilot project initiated a participation process, and the project was presented to the citizens of Schnifis. All interested citizens were given the possibility to register for participation in the REC.

In addition to the company Energiewenden, the municipality of Schnifis and the members of the REC, a number of other institutional actors played an important role in the founding of the REC Schnifis. The Vorarlberg State Administration supported the pilot project through the Department of Agriculture. The largest utility company in Vorarlberg, the illwerke vkw, supported the project through its innovation lab and the Austria-wide “Energy Data Exchange (EDA)” project enables the REC to exchange electricity data with the electricity companies. The FHV Vorarlberg University of Applied Sciences supported the project with energy-related research and calculation. The Syndicate Renewable Energy Vorarlberg - AEEV (*Arbeitsgemeinschaft Erneuerbare Energie Vorarlberg*) supported the project with regard to approaches and models for citizen participation. The Energy Institute Vorarlberg supported the project with advice and the Vorarlberg Netz with electricity network infrastructure. On the national level, the Austrian Climate and Energy Fund and the Austrian Coordination Office for Energy Communities also provided financing and advice.

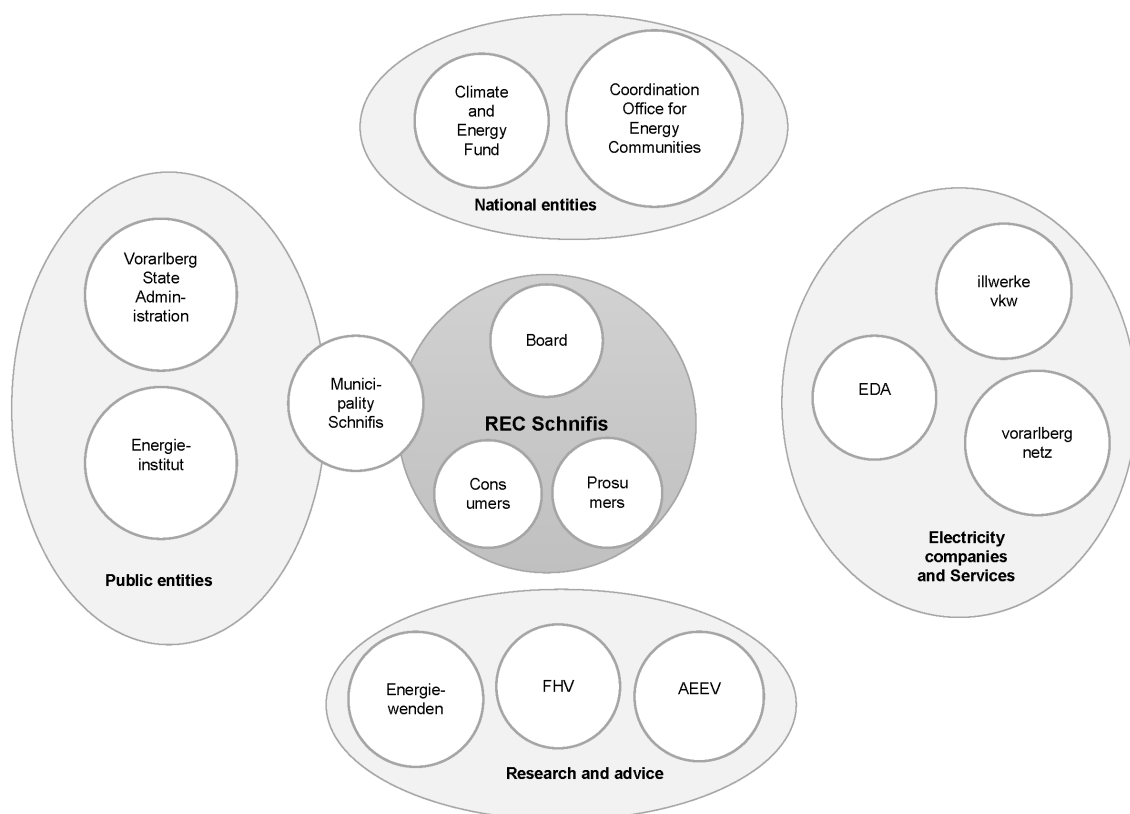


Figure 2 - Stakeholder map REC Schnifis

Innovations

Together with the Swiss company [Exnaton AG](#), REC Schnifis has developed the Exnaton tool, an online visualization platform for visualizing energy data and energy billing within REC Schnifis. Via a central dashboard the Exnaton tool allows the members of the REC Schnifis to see the following information:

- Community self-sufficiency
- Savings by the energy community
- Consumption

- Prices for electricity from the grid
- Prices for electricity from the energy community
- Expected invoice amount, income and expenses
- Origin of energy
- Where did the energy go?
- Purchase from the energy community

All energy data can be viewed in detail on a timeline and filtered by periods with the Exnaton tool.

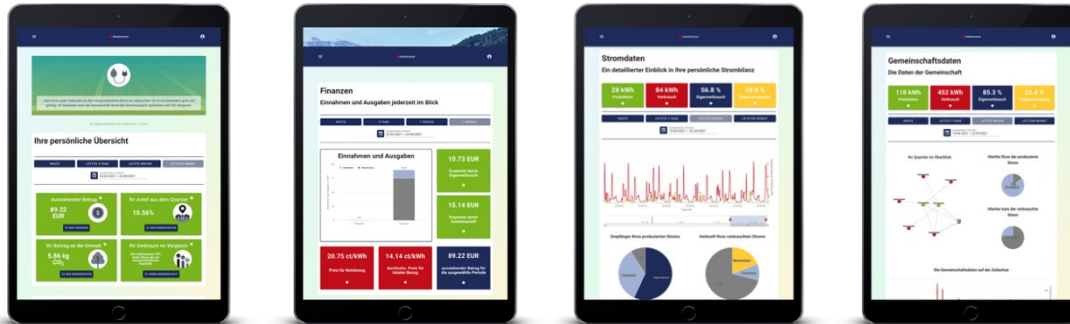


Figure 3 - Exnaton tool user interface

Source: Matyas Scheibler

Impact

Although the REC Schnifis is still a very young community enterprise, some impacts can already be observed. On an individual level, every participating household and every person in the REC has the satisfaction of actively contributing to the energy transition. In addition to generating and consuming renewable energy, the Exnaton tool also enables every household to optimize its energy use and consumption and be more energy conscious.

The REC Schnifis enables a new type of cooperation between the municipality, citizens, companies and agriculture. The REC enables sector coupling between agriculture and the energy sector, thereby increasing regional resilience. It is also an important step towards a local climate-neutral economy in Schnifis. This was also recognized by the Energy Globe Austria, which honours outstanding, sustainable projects with a focus on resource conservation, energy efficiency and the use of renewable energies in Austria. In 2021 the REC Schnifis was the winner of the Energy Globe Austria in the category sustainable community. In addition, the REC Schnifis is one of four flagship projects highlighted by the Austrian Coordination Office for Energy Communities. The REC Schnifis has thus already become a model project for similar community initiatives in Austria.

SECTION D: FINANCIAL MANAGEMENT

The starting point for the REC Schnifis was a preparatory project initiated by Matyas Scheibler and his company Energiewenden which ran from 2017 to 2019 and was funded by the electricity company illwerke vkw and the Department of Economic Affairs of the Vorarlberg State Administration. Based on the results of the preparatory project, a pilot project was launched for two years from January 2020 to December 2021. The pilot project was commissioned by the innovation lab of the electricity company illwerke vkw, the Department of Economic Affairs of the Vorarlberg State Administration and the municipality of Schnifis. After the end of the pilot project, the REC received funding from the Austrian Climate and Energy Fund for its implementation and further development.

The REC has certain economic advantages by law for its operation in the form of tax and duty benefits. RECs benefit from a reduced electricity grid fee, they are exempt from the obligation to pay green electricity subsidy and the green electricity subsidy flat rate. This theoretically allows the REC to trade electricity among its members at a price cheaper than the market price. The members of the REC must agree among themselves on the price per kWh of electricity. Pricing should be transparent, democratic and fair to producers. Normally, a REC would base its pricing on the market price and use the difference

resulting from lower levies to cover its running costs or make investments in renewable energy infrastructure or use it for social or environmental purposes.

At the time of writing this case study, the trading of electricity in the REC Schnifis is suspended. This is due to the extraordinary situation in the Austrian energy market since the start of 2022 caused by rising inflation and energy production costs. During the course of the year 2022, the Austrian Government has introduced several measures to cushion consumers against high energy costs. At the beginning of the year, the government set the green electricity subsidy and the green electricity subsidy flat rate to zero.³ With this measure, one of the economic advantages of the REC was also eliminated. In addition, the government introduced an “electricity price brake” for households.⁴ With the electricity price brake, the Government wants to keep the average household costs for electricity at the pre-crisis level of 10 cents/kWh by subsidizing the energy companies to cover their increased production costs. But this measure also means that at the moment it is economically unattractive for the members of the REC to trade their electricity among themselves since it is much more profitable for them to sell their electricity on the market and consume the subsidized electricity from the energy companies. In the long run, however, it is expected that the energy markets will return to a situation where the cost of production and consumption of electricity will again be balanced and where it makes economic sense for members of a REC to trade electricity amongst themselves.

SECTION E: LEGAL FRAMEWORK AND ORGANISATIONAL STRUCTURE

A REC can take any form of legal entity in Austria. For smaller RECs, the form an association or cooperative is most appropriate. For larger RECs, the forms of public benefit limited company may be more appropriate. At the time of writing this case study, the REC Schnifis was not yet legally registered. Most likely, however, it will be registered as an association.

SECTION F: LEADERSHIP STRUCTURES

A visionary role in setting up the REC was played by Matyas Scheibler and his company Energiewenden. With the preliminary project that started in 2017, he laid the foundation and set the direction for the REC. During the pilot project, the mayor of Schnifis played a pivotal role, taking leadership in the municipality to promote the idea and get citizens on board with the REC. Due to the extraordinary situation in the Austrian energy market, the REC Schnifis is currently suspended. Therefore, the leadership structure of the REC operations cannot be described here.

SECTION G: FINAL THOUGHTS

Lessons Learned by the Community Enterprise

The REC was developed in three project phases, starting with a preparatory project, which led to a pilot project, and the actual implementation. During the pilot, the project team look for a simple and practical way to set up the REC and test its operations. This was done by involving the municipality as a key player in the project. The mayor of Schnifis was an enthusiastic supporter of the idea and managed to get citizens on board. A major lesson learned therefore is that setting up a REC needs a local champion that is well-connected and who can mobilize other citizens to participate in the idea.

Future Directions of the Community Enterprise

RECs have the potential to actively involve the population in the energy transition and to make a significant contribution to the decentralization, decarbonization, democratization and digitization of the energy system. In a REC, members change their role from simple energy consumers to active prosumers participating in the local energy supply. RECs can also act as role models beyond the energy sector and serve as templates for other locally organized economic community activities. They can thus become a building block for the necessary eco-social turnaround in the economy in the future.

³ <https://www.bmf.gv.at/en/current-issues/Support-to-cushion-consumers-against-high-energy-costs-.html>

⁴ <https://www.bmf.gv.at/en/press/press-releases/Press-Releases-2022/November-2022/Electricity-price-brake-to-start-on-1-December-2022-.html>

Capacity Building and Training Needs

REC require that citizens who participate in them change their role understanding and strive for active participation in their economic affairs and for regaining more personal responsibility and self-efficacy. The process of setting up a REC should be supported by local or regional community animators. The training needs in this respect are community animation including group facilitation and participatory methods and community mediation skills.