



# **Towards a Council Recommendation on developing social economy framework conditions**

**Social Economy Europe contribution to the EC call for evidence  
Brussels, 29 September 2022**

## I. Introduction: Why the Council Recommendation on social economy framework conditions is of key importance?

**Social Economy Europe**, the voice of the 2.8 million social economy enterprises and organisations in the EU, has the objective of pushing for an ambitious Social Economy Action Plan (SEAP) implementation, that can lead to a significant growth of the social economy entities and the quality jobs, and societal/environmental solution that they provide.

SEE aims at capitalising on the Social Economy Action Plan, its actions and investments (i.e. more than 2.5 billion euros from the EU budget for the 2021-2027 period), as well as on additional actions implemented by Member States (including mobilising resources from the EU Recovery and Resilience Facility), local and regional authorities, international organisations, and social economy stakeholders, **to make the social economy grow from representing 6.3% of the EU's workforce in 2017<sup>1</sup> (i.e. 13.6 million employees), to representing 10% of the EU's workforce by 2030.** To achieve this ambitious objective, upwards convergence on social economy among Member States is needed, as paid employment in the social economy varies between 0.6% and 10% amongst Member States. Modern and effective social economy policies and legal frameworks are essential to achieve the upwards convergence among Member States that we aim to. According to SEAP the European Commission proposal of a **Council Recommendation on developing social economy framework conditions in 2023**, aims to:

- ❖ Invite policy makers to better adapt policy and legal frameworks to the needs of social economy enterprises and organisations.
- ❖ Provide recommendations in relation to specific policies such as employment policy, state aid, socially responsible public procurement, taxation, research, education, skills and training, care and social services, providing financial and non-financial support tailored to all stages of the business cycle, and statistics.
- ❖ Highlight how institutional set-ups and stakeholder engagement can facilitate the work of social economy entities.

**The Council Recommendation is therefore a key action for the success of the Social Economy Action Plan' agenda, and a driver for policy innovation on social economy in the 27 Member States**, and potentially beyond, as it might be useful also for neighbouring countries which are currently updating their social economy policy and legal frameworks (e.g. Western Balkans, Eastern Partnership -including Ukraine-, and Southern Mediterranean countries).

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<sup>1</sup> See European Economic and Social Committee, *Recent evolutions of the Social Economy in the European Union*, by Monzon J. L. and Chaves R., 2017, p. 69.

Alongside with the **European Parliament's Social Economy Intergroup<sup>2</sup>**, SEE has **been advocating for a Council Recommendation on social economy since 2018<sup>3</sup>**. In SEE's policy paper "**Co-designing the Action Plan for the Social Economy: for an economy that works for people and the planet<sup>4</sup>**", SEE stressed that the Council Recommendation would serve to:

- ❖ Include a clear and inclusive definition of the social economy to be applied by all EU Institutions and proposes to Member States.
- ❖ Provide guidelines to support Member States in establishing a dedicated national framework to develop social economy enterprises and to identify and support the enterprises and organisations that make up social economy in each country. In this way, the situation and rich socio-economic diversity of each Member State will be taken into consideration.
- ❖ Favour the mutual recognition between Member States of their respective social economy legal forms, making it easier for these legal forms to operate trans-nationally in the Single Market.
- ❖ Promote the diversity social economy legal forms which are complementary, have different purposes and allow to reach a diversity of policy objectives. A diversity of legal forms is positive for the well-functioning of the market and society in general.

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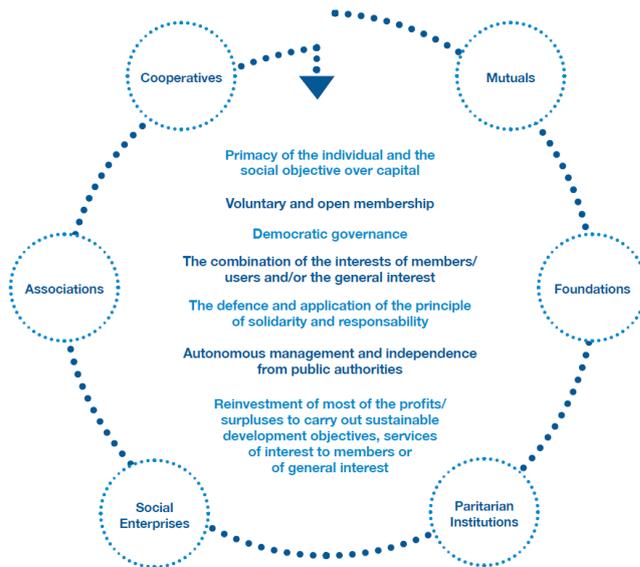
<sup>2</sup> <https://www.socialeconomy.eu.org/our-work/social-economy-intergroup/>

<sup>3</sup> <https://www.socialeconomy.eu.org/wp-content/uploads/2020/02/SEE-Action-Plan-for-Social-Economy.pdf> (Priority 1, pages 9 and 10).

<sup>4</sup> [https://www.socialeconomy.eu.org/wp-content/uploads/2021/03/SEE\\_Policy-Paper\\_SE-ACTION-PLAN\\_2021\\_EN.pdf](https://www.socialeconomy.eu.org/wp-content/uploads/2021/03/SEE_Policy-Paper_SE-ACTION-PLAN_2021_EN.pdf)

## II. SEE proposals for an effective Council Recommendation on social economy framework conditions

### 1. Embracing the diversity of the social economy to unlock its full contribution to socio-economic progress, cohesion & fair transitions:



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In line with the Social Economy Action Plan, the Council Recommendation should embrace the full diversity of the social economy and its legal forms and categories.

Diversity is the main strength of the social economy and of the Social Economy Action Plan, allowing to capture **a universe of 2.8 million enterprises and organisations** as cooperatives, mutuels, foundations, associations (including charities), social enterprises, and other legal forms and categories which are specific to each Member State (e.g. labour societies in Spain, the legal

category of societal impact societies in Luxembourg, or the '*sociétés commerciales de l'économie sociale et solidaire*' in France), all sharing the same principles and features as:

- ❖ The primacy of people as well as social and/or environmental purpose over profit.
- ❖ The reinvestment of most profits and surpluses to carry out activities in the interest of members/users (collective interest) or society at large.
- ❖ Democratic and/or participative governance.

These common principles and features, were acknowledged by the **European Social Economy Charter**<sup>5</sup> approved in 2002 by the main EU social economy actors represented in the CEP-CMAF<sup>6</sup>, and are clearly stated today in the **Social Economy Action Plan**, and in the social economy definitions established by the social economy

<sup>5</sup> <https://www.socialeconomy.eu.org/the-social-economy/the-social-economy-charter/>

<sup>6</sup> European Standing Conference of Co-operatives, Mutuels, Associations and Foundations. The predecessor of Social Economy Europe.

laws of Belgium, Spain (2011), Portugal (2013), France (2014), Romania (2015), and Poland (2022), as well as in other laws which also define the social economy as the Luxembourgish law on *sociétés d'impact sociétal* (2016), among other.

- ✓ **SEE calls on the European Commission and on Member States to include these three key principles/features defining the social economy universe, and that are part of a European and global consensus<sup>7</sup>, as part of the Council Recommendation alongside a clear reference to the main social economy forms listed above.**
- ✓ Public authorities are stakeholders of the social economy ecosystem, playing a key role when it comes to co-designing and implementing policy and legal frameworks, and even engaging in multi-stakeholder social economy projects at the service of the local communities. However, the independence of social economy enterprises and organisations from public authorities should be stressed in the Council Recommendation, as well as the fact that the social economy operates in all the economic sectors (and that its participation in different areas should not be limited).

### 1.1. Why diversity matters?

**The different social economy forms bring an added value to our societies and to the European Single Market.** The existence of different social economy forms varies greatly from one Member State to another, and even between regions (in the case of highly decentralised MS), and it is the result of different histories and traditions, but also of societal, economic and policy innovations.

**The council recommendation should generate and/or strengthen existing instruments for technical cooperation and peer learning on social economy framework conditions among Member States, local and regional authorities, and social economy representative networks,** which are a key ally of public authorities to co-design and implement social economy public policies.

To ensure that the whole social economy toolbox is embraced the following non-exhaustive list of social economy forms, sub-forms and instruments, should be considered:

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<sup>7</sup> See Council Conclusions on “The promotion of the social economy as a key driver of economic and social development in Europe” (2015), the recommendation of the OECD Council on the Social and Solidarity Economy and Social Innovation, and Resolution concerning decent work and the social and solidarity economy adopted at International Labour Conference – 110th Session.

### ❖ The cooperative movement solutions:

According to Cooperatives Europe, there are some **176,000 cooperative enterprises in the European Union operating in all the economic sectors**. They associate 141 million members, and they provide jobs to 4.7 million people. Cooperatives are strongly present in agriculture, forestry, banking, retail, pharmaceutical and healthcare, care, education and social services, housing, construction, industry etc. As stated in the Commission staff working document accompanying SEAP, issued in December 2021: *“Different types of cooperatives exist, as consumer cooperatives, producer cooperatives, worker cooperatives, social cooperatives, platform cooperatives (overlaps are possible)”*.

Just as an example, we would like to draw attention to some innovative cooperative forms which greatly contribute to economic and social progress, the creation of quality jobs, and to accelerate fair green and digital transitions in Europe:

- Worker cooperatives and business transfer to employees:

There are some **35,000 worker cooperatives** in the EU operating for most of them in industry and services. Large EU groups are led and/or mainly formed by worker cooperatives, as **Mondragon Corporation**, currently formed by 95 cooperatives employing 80,000 people, and mostly active in industry, finance, retail and knowledge; or the **Groupe Up**, which has its origins in a French worker cooperative providing meal vouchers to companies, institutions and their employees. Today Groupe Up is present 22 countries at global level, of which 17 are European countries.

Beyond being an excellent tool for collective entrepreneurship and quality jobs, with the adequate instruments, worker cooperatives have proven their capacity to retain and **save jobs and companies** in a situation of contextual crisis or without a successor as owner, through **worker buyouts**, which occur when workers acquire ownership and control of a company, very often by creating a cooperative.

Worker buyouts help avoid unemployment, can create new jobs, preserve wealth as well as the acquired know-how, and the socio-economic fabric of local communities. In Europe worker buyouts are identified mostly in countries with modern worker cooperative laws, and support instruments as Italy, France and Spain.

The Italian Marcora Law (Marcora I 1985 and Marcora II -law reform- 2001) created public-private financial and capacity building instruments, in collaboration with Cooperative Federations, to support the employees willing to acquire the company in which they work. From the Marcora Law entering into force until today, **323 worker-recuperated companies in co-operative form have been identified in Italy**, and these acquisitions have involved 10,408 workers<sup>8</sup>. Approximately 71% of these

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<sup>8</sup> <http://ciriec.es/valencia2022/wp-content/uploads/COMUN-237.pdf>

buyouts set up since 2003 (introduction of the Marcora II Law reform) are still active today<sup>9</sup>.

Cooperatives of self-employed workers and producers such as freelancers, truck drivers, taxi drivers, journalists, masons, graphic designers, consultants, doctors, and lawyers; are also growing as a model improving workers access to social security, helping them overcome isolation, and to share common services as marketing, sales, workspace, accountancy services etc.

- Renewable energy cooperatives:

According to Rescoop.eu, there are 1,900 renewable energy cooperatives in Europe formed by 1,250,000 citizens that have joined the movement to produce and consume their own clean energy. Renewable energy cooperatives (REScoops) are a growing reality. In the Netherlands REScoops grew by 21% in 2018<sup>10</sup>. Furthermore, according to a recent study<sup>11</sup>, **by 2050 around 45% of renewable energy production could be in the hands of citizens**, about a quarter of which could come through participation in a cooperative. There is also an estimation that citizens have the capacity to invest up to 240 billion euros toward the energy transition by 2030<sup>12</sup>.

In the current context of energy crisis, and of dependence on foreign, and sometimes unreliable producers of fossil fuels, promoting renewable energy cooperatives and renewable energy communities, is of key importance to accelerate the green transition and reach climate neutrality, capitalising on citizens active participation and on a decentralised energy system; all in all, boosting the EU's energy autonomy, in line with the REPowerEU objectives.

Furthermore, most renewable energy cooperatives reinvest their profits on improving the energy efficiency of its members and of public buildings of the local communities where they operate.

Of course, all cooperative forms are of key importance in the current context: as housing cooperatives (which are of key importance to provide sustainable, energy efficient and affordable housing), platform cooperatives, cooperative banks, and agricultural cooperatives that play a key role for rural development.

#### ❖ **Healthcare mutuals and mutual and cooperative insurers:**

Healthcare mutuals are not-for-profit organisations providing health coverage to around 240 million people, as well as services relating to compulsory and/or supplementary health insurance, some of them also managing health and social

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<sup>9</sup> <http://ciriec.es/valencia2022/wp-content/uploads/COMUN-237.pdf>

<sup>10</sup> More information: <https://www.hieropgewekt.nl/local-energy-monitor>

<sup>11</sup> <https://cedelft.eu/publications/the-potential-of-energy-citizens-in-the-european-union/>

<sup>12</sup> <https://www.rescoop.eu/uploads/rescoop/downloads/REPowerEU-for-Energy-Citizens-Manifesto-FULL.pdf>

insurance services. Healthcare mutuals are therefore a key player of Europe's welfare systems, in many cases through public-private partnerships, and key providers of social services and care.

Mutual and cooperative insurers represent 33.4% of Europe's insurance market (market share), and have experienced a 9.2 percentage-point increase from the first available figure (i.e. 24.2% market share in 2007).

Regarding mutuals, some elements linked to legal frameworks and access to finance should be pointed out:

- ❖ The mutuals legal form does not exist in certain Member States impeding the creation of mutuals, as well as the operation by mutuals for a different MS.
- ❖ Another important obstacle for the creation of new mutuals is the high capital requirements.
- ❖ Supporting access to finance -loans and guarantees- for mutualistic projects, including the creation of new mutuals where they do not exist. This could be done through EU financial instruments as the InvestEU. It would also be a fair competition measure to compensate the discrimination linked to the cost of loans for mutuals, compared to financing rates for insurance shareholder companies, by applying to mutuals the "*Paint Graphos*"<sup>13</sup> judgement by the Court of Justice of the European Union, which refer to cooperatives but is fully applicable to mutuals and to most social economy forms as they face the same 'market failures'.
- ❖ Providing capacity building for the creation of new mutuals, which could be also done through the InvestEU and the Single Market Programme.
- ❖ Organising exchanges and training between the supervisors and the mutuals sector to improve the understanding of these forms of enterprises.

#### ❖ **Associations and charities:**

Associations and charities are the main driver of the European Civil Society, one of the main vehicles for citizens' active participation. As stated in the Commission staff working document accompanying SEAP: "*Associations are vital for democracy and a constituent of EU civil society. As about 19% of the EU adult population engages in formal volunteering activities, associations offer a unique space where citizens engage in common interests and generate social cohesion and mutual understanding. They are present in many areas such as sport, education, environmental protection, culture or health. The possibility that associations carry out entrepreneurial activities is not acknowledged in all countries*".

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<sup>13</sup><http://curia.europa.eu/juris/document/document.jsf?text=&docid=109241&pageIndex=0&doclang=en&mode=lst&dir=&occ=first&part=1&cid=1091231>

According to the study “*Recent evolutions of the social economy in the European Union*” (2017)<sup>14</sup>, **the social economy mobilises more than 82.8 million volunteers**, most of them actively participate in associations and charities.

One of lessons learnt from the COVID-19 pandemic is on the role that social enterprise and other social economy organisations can play in tackling other major social and economic challenges, such as growing levels of inequality, and the climate emergency.

Ireland’s National Economic and Social Council<sup>15</sup>, found that many social economy organisations have a deep knowledge and understanding of social problems. Many Associations and Charities use the social economy model - often without being conscious that they are - to supplement their income or as a way of delivering on their mission or their “public benefit”.

For some, the public benefit is the service or product. For others, it is achieved by employing and/or training people distant from the labour market to produce the product or a service. For many more, the public benefit comes from using the surplus or profit made from selling that product or service to cross-subsidise services. For the vast majority of organisations, it is a combination of all three or at least two of the three.

All have the same principles and features in common: The primacy of people as well as social and/or environmental purpose over profit, the reinvestment of most profits and surpluses to carry out activities in the interest of members/users (collective interest) or society at large and Democratic and/or participative governance.

### **Foundations:**

Foundations are also a central part of the social economy and of the EU’s civil society. Beyond being social economy players, philanthropic actors also play a key role -that can be further promoted- in funding and financing social economy projects. Currently foundations are calling to:

- Better recognise and engage with social economy actors including foundations –Member States should engage in more structured dialogue with philanthropy/social economy (e.g. around the NRRF and beyond – beyond consultation towards participation and co-designing) and better recognition of the important role the sector plays
- Develop a more enabling environment for social economy organisations when it comes to cross-border actions (recognition of legal personality when acting

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<sup>14</sup> <https://www.eesc.europa.eu/sites/default/files/files/qe-04-17-875-en-n.pdf>

<sup>15</sup> NESc paper on ‘Community Call’

[http://files.nesc.ie/nesc\\_secretariat\\_papers/No\\_22\\_CommunityCall.pdf](http://files.nesc.ie/nesc_secretariat_papers/No_22_CommunityCall.pdf)

abroad, move of seat cross-border, merger across border, removal of foreign funding restrictions etc)

- Support the creation of supranational legal forms for associations and foundations and/or minimum standards for associations and other NPOs including foundations.
- Facilitate impact investment for philanthropic actors, foundations and other actors, considering enlarging the toolbox of philanthropy by enabling also new forms of impact investing and mission-related investments/sustainable investments
- Collaborate with foundations/philanthropy and wider social economy/civil society in the design, implementation, and follow-up to NRRF and MFF schemes if run at the national level
- Adapt their administrative and institutional set-up to better support social economy entities and engage with stakeholders
- Work on overcoming tax barriers to cross-border philanthropy, i.e., a call for a better implementation of the non-discrimination principle with regard to cross-border philanthropy taxation (for donors when donating across borders to public-benefit organisations and foundations when they have asset allocations across borders)

#### **Social enterprises and work integration social enterprises:**

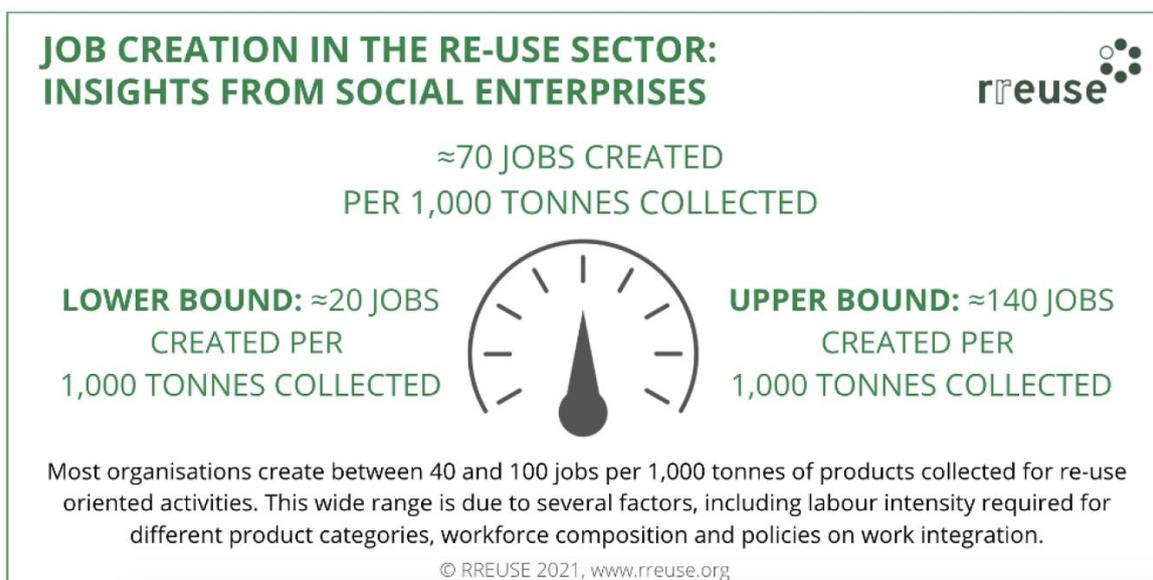
Very often social enterprises are not a legal form/legal category and take many of the forms listed above as social cooperatives, associations, foundations, or even commercial societies that implement and integrate in their statutes the social economy principles (in the cases in which this allowed by the law, as France or Luxembourg).

**Work integration social are social economy enterprises (following its same principles and characteristics) whose social objective is the social integration and citizenship.** Their fundamental and initial objective is the social and professional integration of individuals who through their exclusion and their relegation to a marginal role in society have fallen victim to increasing social and professional handicaps. The work integration social enterprises continue to play an ongoing role in the social and professional requalification training that restores to individuals at risk, individuals that are vulnerable and have become marginal, the status of gainfully employed workers. They offer such individuals the opportunity to prepare themselves for their integration

into the labour force and to gain access to employment and the training to acquire needed skills.

Very often work integration social enterprises are social cooperatives, associations, foundations, social enterprises (where this legal form exists), or special employment centres of social initiative ('centros especiales de empleo de iniciativa social') in which 70% of the employees are people with disabilities, among other forms. Work integration social enterprises, under their various forms, contribute to a society and an economy that leaves no one behind. To a big extent, thanks to their contribution the social economy champions inclusion and employs up to three times more people with disabilities than traditional/non-social economy companies<sup>16</sup>.

Among other areas, work integration social enterprises are very active in the circular economy. Currently in the EU, Work integration social enterprises collect more than 1.100.000 tonnes of material with the aim of being re-used, repaired, or recycled.



### **Social Finance providers:**

Ethical and cooperative banks and financiers, micro finance institutions, credit unions, mutuals insurers, philanthropy, and foundations, and paritarian institutions, are key investors in sustainable entrepreneurship, social services, and the green transition.

They are key players of the social economy ecosystem given their mission and expertise in financing (and sometimes funding and/or providing capacity building) social economy enterprises and organisations.

<sup>16</sup> [https://www.socialeconomy.eu.org/wp-content/uploads/2020/12/SEE\\_SocialEconomy-4-the-inclusion-of-People-with-Disabilities.pdf](https://www.socialeconomy.eu.org/wp-content/uploads/2020/12/SEE_SocialEconomy-4-the-inclusion-of-People-with-Disabilities.pdf)

More issues and proposals to strengthen access to finance for the social economy will be addressed in section 6.

### **❖ Multi-stakeholder & public-private social economy partnerships for local development:**

Social economy enterprises and organisations are always at the service of the development of the local communities in which they operate and pursue a societal (collective or general) interest.

**SEE calls on Member States (and other relevant public authorities) to introduce innovative tools to allow the emergence of multi-stakeholder partnerships (sometimes including public authorities) led by social economy actors and aiming at boosting local development.**

In this sense, article 9 of the French Law on Social and Solidarity Economy<sup>17</sup> allowed the creation of “**territorial clusters of economic cooperation**” (PTCE: *Pôles Territoriaux de Coopération Économique*) formed by the grouping together in the same territory of social economy enterprises and organisations which join forces with traditional companies, in conjunction with local authorities and their groupings, research centres, higher education and research establishments, training bodies or any other natural or legal person to implement a common and ongoing strategy of pooling, cooperation or partnership at the service of socially or technologically innovative economic and social projects that promote sustainable local development.

In this case, the selection of territorial economic cooperation clusters supported by the State in the framework of calls for projects. This selection is carried out by the financiers, in particular representatives of the territorial authorities and their groupings, including representatives of the regional and departmental councils.

### **1.2. Social economy framework laws and action plans/strategies:**

Social economy framework laws are the result of rich social economy traditions, and of the existence of a diversity of social economy forms (as different cooperative forms, mutuals, associations, charities, foundations, social enterprises, and other legal forms) which share a common identity.

There is a growing and favourable trend to adopt laws, rules, regulations, and other legal provisions regulating the social economy in countries in Africa, America, Asia and Europe. This type of legislation contributes decisively to establishing a favourable ecosystem for the development of the social economy. In fact, several Member States of the European Union have laws or regulations regulating the social economy (Belgium, Bulgaria, Spain, France, Portugal, Romania and Poland).

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<sup>17</sup> <https://www.legifrance.gouv.fr/loda/id/JORFTEXT000029313296/>

**SEE calls on Member States with a diversity of social economy forms to advance towards the adoption of modern social economy framework laws.** According to the experience in European and non-European countries that have regulatory frameworks or laws regulating the social economy (OECD Global Action), this type of law:

- ❖ Integrates into legal systems a legal concept of social economy defined as sharing the three principles and features outlined<sup>18</sup>. Moreover, in this way:
  - The social economy becomes a subject of law.
  - The social economy is incorporated into the rules that regulate the functioning of economic operators in the market and in policies of a general nature.
  
- ❖ It establishes by law the common principles that govern the functioning of social economy enterprises and which entities are part of it. In this way:
  - Establishes an inclusive concept that respects the diversity and plurality of social economy entities.
  - Identifies and promotes the social economy's own management methods within the diversity of business forms that exist in the market.
  - It is a legal framework that create a broad systemic support for the entire, above mentioned wide area of the social economy, supporting the development and activity development of social enterprises not only focusing their impact in the area of social transformation, but also other areas of sustainable local development of the Member States, including green and digital transformation.
  
- ❖ It can give a general mandate to public administrations to:
  - Promote and develop the social economy in socio-economic, environmental, and sectoral policies,
  - Develop official statistics/ satellite accounts for the social economy,
  - establish or promote mechanisms for consultation and dialogue between the public authorities and the organisations representing the social economy in the legislative process. This is extremely important, as it

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<sup>18</sup>

- The primacy of people as well as social and/or environmental purpose over profit.
- The reinvestment of most profits and surpluses to carry out activities in the interest of members/users (collective interest) or society at large.
- Democratic and/or participative governance.

ensures that the social economy participates in the construction of legislation.

- ❖ The laws, rules, regulations, and other legal provisions that regulate the social economy, identify the legal entities that are part of this business model. This "cataloguing" at state level is an element that facilitates the mutual recognition between Member States of the social economy entities existing in each country, which contributes to strengthening the functioning of these enterprises within the Single Market.

Beyond social economy legal frameworks, and in line with the Social Economy Action Plan, **SEE calls on Member States and other public authorities to adopt or update their social economy strategies in close cooperation with their social economy stakeholders.**

**SEE calls on the European Commission to assist Member States in the definition of their social economy strategies, in cooperation with EU social economy stakeholders defending the general interests of the social economy, as Social Economy Europe.**

Also, in line with SEAP, **SEE calls on Member States and relevant public authorities (regional/local) to designate social economy coordinators within their institutions for leading their strategies, their dialogue with EU Institutions, and to facilitate access to EU and national funding.**

Under the leadership/coordination of a given Ministry/department (usually economy or Labour and social economy), **SEE calls on MS and other relevant public authorities to foresee instruments for coordination/cooperation among different departments and government agencies given the inter-sectorial character of the social economy. These are some examples of instruments pursuing that coordination:**

- ✓ The European Commission Internal Taskforce on social economy.
- ✓ The UN Taskforce on social and solidarity economy.
- ✓ The Spanish Government High Commissioner for Social Economy or the French Inter-Ministerial Delegate for Social Economy.

## **2. A structured dialogue with social economy stakeholders for better frameworks**

**SEE calls on Member States and relevant public authorities to strengthen or support the development of social economy representative networks, particularly in Member States where the social economy ecosystem is not developed to its full potential.**

**Given its European expertise, and the expertise of its members, SEE is at the disposal of social economy stakeholders, Member States, and the European Commission to support the development or consolidation of social economy representative networks.**

**In MS where various social economy representative networks exist, SEE calls to establish instruments for cooperation and coordination.** SEE was created on that purpose in November 2000, at the time under the name of CEP-CMAF (European Standing Conference of Cooperatives, Mutuals, Association and Foundations).

SEE reminds the key role of its members as Member State/regional level as:

- ❖ **CASES** (Cooperativa António Sérgio para a Economia Social): Based on an effective partnership between the State and representative organisations of the social economy sector and taking the legal form of a "cooperative of public interest", CASES aims to promote the strengthening of the social economy sector, deepening cooperation between the State and the organisations that integrate it, as well as the pursuit of policies in the area of volunteering. CASES has played a key role to make of Portugal the first European country in having established social economy satellite accounts, elaborated by the National Statistics Institute, in partnership with CASES, and also by pursuing the development of other national official statistics, by deepening the partnership between these two entities.
- ❖ **CEPES** (Confederación Empresarial Española de la Economía Social): Set up in 1992, CEPES is a state-wide business organisation that represents and is a point of reference for the Social Economy in Spain, an integrator and spokesperson for its concerns and proposals. It is a driving force for this business reality in Spain, an interlocutor for the construction of public and social policies for the promotion of the social economy business model, centred on people. CEPES, as an umbrella organisation for the various economic activities that exist under the concept of the Social Economy, is made up of 29 organisations. All of them are state or regional confederations and specific business groups, representing the interests of Cooperatives, Labour Societies, Mutual Societies, Insertion Companies, Special Employment Centres, Fishermen's Guilds and Associations of the Disability Sector, with more than 200 support structures at regional level.
- ❖ **ConcertES** (Concertation des organisations représentatives de l'économie sociale): A relatively new player in the Belgian institutional landscape, the association was initiated in 2005 by three transversal social economy federations - FEBECOOP, SAW-B and SYNECO. Based on the principle that there is strength in numbers, they wanted to channel their efforts into creating a representative entity that would more adequately defend the interests of the

social economy with political bodies. **In 2008 ConcertES was designated by the Walloon Government as the representative organisation of social economy enterprises**, in the framework of the decree of 20 November 2008 on the social economy. Its mandate has since been renewed. Acting as a space for exchange and reflection for its 21 member organisations, ConcertES has become a credible interlocutor and particularly aware of regional policies concerning the social economy.

ConcertES also aims at demonstrating the dynamism of the social economy and to provide food for thought for policy makers, journalists, academic, scientific and social actors and citizens, **ConcertES places significant emphasis on qualitative and quantitative research on the social economy. The Observatory of the social economy** and the shared website [Économiesociale.be](http://Economiesociale.be) allow the social economy to be presented in many facets and to measure its impact and importance in the Walloon and Brussels regional economies.

- ❖ **ESS-France** (Chambre Française de l'Économie Social et Solidaire): ESS France is the reference voice of the social economy (or SSE) in France. It represents and carries the interests of SSE companies and organisations. It federates the national SSE organisations representing the different statutory forms of SSE, **the regional SSE Chambers** and any other legal entity, such as a federation, network, collective or grouping at national level that wishes to become involved in its activities. Although it has existed for more than twenty years, ESS France has been recognised as a representative structure of the SSE since the 2014 Law on the Social and Solidarity Economy (article 5). Ess-France also hosts the observatory of the French Social and Solidarity Economy providing impressive data on the evolutions, territorial and sectorial presence, and socio-economic weight of the social economy.
- ❖ **Forum Nazionale Terzo Settore**: The National Forum of the Third Sector is a non-profit organisation and the main unified representative body of the Italian Third Sector. **It was officially established on 19 June 1997 and is a recognised social partner** (in social dialogue). In October 2017 and then in January 2021, the Ministry of Labour and Social Policies announced that the National Forum of the Third Sector, at the conclusion of the public notice procedure for the implementation of Articles 59 and 64 of the Third Sector Code, was found to be the most representative association of Third Sector entities on the national territory, due to the number of member entities. It represents 101 national second and third level organisations - for a total of more than 158,000 territorial offices - operating in the areas of Voluntary work, Associations, Social Cooperation, International Solidarity, Ethical Finance, and Fair Trade in our country.

The main objective of the National Forum of the Third Sector is to valorise the activities and experiences that autonomously organised citizens implement on the territory to improve the quality of life, of communities, through paths, also innovative, based on equity, social justice, subsidiarity and sustainable development. Its main tasks are:

- Social and political representation vis-à-vis government and institutions.
- Coordination and support of inter-associative networks.
- The communication of values, projects and instances of the organised realities of the Third Sector.
- Training of Third Sector organisations to strengthen their capacity to intervene in the territories and respond to social and economic changes.

Within the Forum there are various thematic councils and working groups: Associations for Social Promotion; Social Enterprise; Volunteering; Culture and Tourism; education and training; International Relations and Cooperation; Sport and Wellbeing; Welfare; Regional Forums; Civil Service Table; Technical-Legislative Table; GdL People Deprived of Liberty. The Third Sector Forum is publisher of Giornale Radio Sociale ([www.giornaleradiosociale.it](http://www.giornaleradiosociale.it)) The Third Sector Forum is a founding member of: Alliance against poverty in Italy - ASviS - Fondazione CON IL SUD - Fondazione Triulza - Istituto Italiano della Donazione - Terzjus.

❖ **SZOWES** (Sieć Zachodniopomorska Ośrodków Wsparcia Ekonomii Społecznej): SZOWES is the West Pomeranian network of social economy support centers gathering four Social Economy Support Centers covering the area of the West Pomeranian Voivodeship with their impact and support. It is a partnership of: Koszalin Regional Development Agency SA, Science for the Environment Foundation, "4C Centrum Ekonomii Społecznej" Sp. z o. o., Fundacja pod Aniołem, Assets Plus Emilia Kowalska, Foundation of Social and Economic Initiatives KOMES. The mission of SZOWES is to promote the idea of social economy and social entrepreneurship and to support local development through comprehensive support and strengthening the potential of social economy entities. Main activities undertaken by SZOWES:

- Stimulating the activity of people, groups, entities and institutions in the local environment and reviving the local community by initiating activities aimed at professional and social activation of people at risk of social exclusion, especially people with disabilities, and the inclusion and strengthening of the role of social economy entities in local communities.

- Creating regional and national policies for the development of the social economy.
- Comprehensive support services (specialist/vocational training, consulting, incubation services, study visits, financial intervention activities, social co-working, sharing space and equipment, innovative educational products and services) for groups interested in creating social economy entities aimed at improving the economic situation, increasing the quantity and quality of products and services offered, creating jobs, with particular emphasis on people with disabilities.
- Providing comprehensive support services aimed at social enterprise - improving the economic functioning of social enterprises - including increasing the quantity and quality of services and products offered, and creating jobs (financial support - providing non-returnable subsidies - for creating and maintaining a job in social enterprises, support in the use of returnable financial instruments, business consulting)

❖ **Ukrainian Social Academy:** The Ukrainian Social Academy is the social business vector. It educates and inspires people to bring ideas of social change to the sustainably growing business with the help of training programs and mentors that share their business experience. Its priority area is the development of innovations in the social sphere. It develops a modern European education in social entrepreneurship that combines best practices of the world's business education and the experience of Ukrainian and international social enterprises.

❖ **The Wheel:** The Wheel is Ireland's national association of charities, community groups and social enterprises. As a representative voice, it provides leadership to the charity and community sector and advocates on behalf of its growing community of members. As a supportive resource, The Wheel offers advice, training and other opportunities to people working or volunteering in the charity and community sector. The Wheel champions the charity and community sector and work to achieve the following outcomes:

- Charities and community organisations are sensitively **regulated**, adequately **resourced** and supported and appropriately **recognised** and valued – for the contribution they make to achieving a fair, just and more equal society.
- Charities and community organisations are **trusted, open and accountable**.
- Charities and community organisations are **well led, governed and managed**.

- Charities and community organisations are **understood** as engines of active citizenship by the public, policymakers and within the sector.
- As a result of having a diverse, actively engaged, and growing membership, The Wheel continues to be a strong, inclusive and influential voice for the sector

Many other national social economy representative networks have been created in the last years and also play a key role as CPES in Portugal, or ULESS in Luxembourg.

**SEE calls on Member States to establish collective bodies to establish a permanent dialogue with social economy stakeholders to inform, advice and accompany an effective implementation of social economy strategies.** Some examples of these bodies are the French High Council of Social and Solidarity Economy<sup>19</sup>, the Spanish Council for the Development of the Social Economy<sup>20</sup>, the Portuguese National Council for Social Economy<sup>21</sup> or the European Commission Expert Group on social economy and social enterprises (GECES).

### 3. Better data on the social economy

As stated in SEAP: “Having relevant data and statistics is also key to making social economy business models better understood and ensuring evidence-based policy. However, **existing data on the social economy are often scarce, incomplete, and difficult to compare.** For example, only a few Member States have adapted their national accounting systems to collect supplementary data (“satellite accounts”) on the social economy, despite the financial support available from the EU budget”.

**SEE calls on Member States and on their National Statistical Institutes/Agencies to adapt their national accounting systems to collect supplementary data on the social economy, with the support of the European Commission, Eurostat, and EU social economy networks, as Social Economy Europe, and its members with relevant expertise.**

**The Portuguese Social Economy Satellite Accounts should be considered as a good practice and a model for the collection of comparable data on social economy in the different EU Member States.**

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<sup>19</sup>

<https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000030780650#:~:text=Dans%20les%20r%C3%A9sum%C3%A9s-.D%C3%A9cret%20n%C2%B0%202015%2D732%20du%2024%20juin%202015%20relatif,l%C3%A9conomie%20sociale%20et%20solidaire&text=Publics%20concern%C3%A9s%20%3A%20les%20entreprises%2C%20r%C3%A9seaux,l%C3%A9conomie%20sociale%20et%20solidaire.>

<sup>20</sup> <https://www.boe.es/buscar/act.php?id=BOE-A-2001-5061#:~:text=El%20Consejo%20para%20el%20Fomento%20de%20la%20Econom%C3%ADa%20Social%20se,de%20la%20estructura%20jer%C3%A1rquica%20de>

<sup>21</sup> <https://cnes.org.pt/>

#### 4. Social economy's participation in social dialogue as an employer

As the social economy is a major cross-sectorial employer (13.6 million jobs in Europe, 6.3% of the workforce), SEE calls on EU Institutions and Member States to advance towards the integration of social economy representative networks in the cross- sectorial social dialogue.

Social Economy Europe engages itself to maintain a dialogue with European social partners to advance towards the effective participation of all social economy employers in the EU cross-sectorial social dialogue. SEE will support its national members and partners aiming at engaging in social dialogue.

The International Labour Organisation (ILO) Resolution on decent work and the social and solidarity economy calls for the promotion of dialogue and mutual recognition between social partners and organisations representing the social economy, while inviting countries to integrate the social economy "into national development, recovery and employment strategies to support macroeconomic, fiscal, industrial, social, environmental, employment promotion and other policies, in order to promote fair digital and environmental transitions and reduce inequalities".

Therefore, and in line with the ILO mandate to governments, **SEE considers that the Recommendation should highlight the relevance of involving, in accordance with the rules of the Member States, the representative organisations of the social economy in the Economic and Social Councils at State level and, furthermore, in the Social Dialogue bodies.**

At the European level some social economy networks are recognised social partners, representing employers, in the sectoral social dialogue:

- ❖ AMICE represents employers in insurance
- ❖ COGECA represents employers in certain agricultural activities
- ❖ The Federation of European Social Employers represents the voice of employers in the field of social services at European level.

## 5. Access to finance and State Aid/taxation

Figure 2. Summary of the effects of SE on social and territorial cohesion

Social cohesion	Territorial cohesion
1. Creation of inclusive employment Higher employment of groups of workers with specific employment difficulties: women over 45; people over 55, those with disabilities, at risk of social exclusion or with low qualifications.	1. Creation of economic activity and employment in rural areas Rural entrepreneurship, generation of economic activity in rural areas
2. Higher levels of job stability Stable working conditions (Higher stability in contracts, more employment episodes and fewer unemployment episodes).	2. Competitiveness of the rural economy Diversification of economic activity, production structure adjusted to rural strengths and needs.
3. Lower wage gap Wage levels are more equal within SE entities	3 Retention of the rural population Generation of sustainable employment in rural areas
4. Higher levels of equality Diversity in management, equal labour conditions and career paths, and higher possibilities of reconciling a better family and professional life.	
4. Expansion of the private supply of social services Contribution to economic activity in key social activities with productive specialization in those activities.	

Social economy enterprises and organisations reinvest "most or all of profits and surpluses to carry out activities for the benefit of the members/users ("collective interest") or society at large ("general interest")".

Studies have shown that social economy enterprises and organisations bring - compared to other company forms - a higher social impact in terms of quality employment, development of territories and social cohesion at

local level thanks to a business management in line with the principles that distinguish them.

Social economy entities implementing social goals - including creating employment opportunities for people at risk of social exclusion and financing their reintegration and rehabilitation- bear much higher costs of current market activities, and in this context are in a relatively more difficult development and investment situation than other entities operating on the market. It is necessary to introduce tax solutions to compensate for these development inequalities

- ❖ As the Action Plan points out, public financial support plays an important role in the start-up and development of social economy actors. In line with this priority, the inclusion in EU competition law of a general principle to provide for a specific regulation and application of state aid for social economy enterprises that are obliged to reinvest their surpluses in the societal purpose they pursue, would primarily contribute to increase the positive impact of this type of enterprises and organisations.
- ❖ This principle would also incorporate the operating methods of the social economy into the rules governing state aid in order to take into account their specific characteristics compared to other market operators, in line with the interpretation of the rules governing competition law established by the Court of Justice of the EU.
- ❖ This principle could be applied by public authorities in the use of state aid rules in accordance with the de minimis principle and other rules laid down in the General Block Exemption Regulation.

Therefore, SEE calls on Member States and EU Institutions to:

- ❖ **Develop a fiscal framework for the social economy that would address the unfair competition linked with the fact that social economy actors mainly rely on their own funds to grow.** It would create an equitable and stable business environment, which can boost a sustainable and job-rich growth in the Union. Through this framework and in respect of their national situation, Member States could introduce:
  - corporate tax exemption on retained profits,
  - deductibility measures on corporate income tax,
  - VAT exemption or reduced rates,
  - reduced rates,
  - reduce social insurance costs,
  - tax reduction for donors that considers the social impact of their activities.

Such provisions should be seen as States aid compatible with the common market rules as they help restoring a fair competition with capital companies, which are better able to adapt to market requirements.

For example, as recognized in the Social Economy Action Plan (December 2021) and on the European Disability Strategy (March 2021), **social economy enterprises play a key role and are critical to achieve the full integration of people with disabilities into the labour market and in the society.** However, the potential of the social economy sector as a job generator for people with disabilities and to contribute to the provision of accessible products and services is not fully un-locked due to the lack of consistent recognition at political, regulatory, funding, and public procurement levels. The Social Economy Action Plan is a first step in the right direction, but **the Council Recommendation should encourage Member States to speed up their efforts, both in terms of creating the right legislative environment and of providing the right financial, taxation and funding incentives.**

**SEE calls on Member States to support the emergence/consolidation of an enabling financial ecosystem for the social economy,** composed of financial institutions, very often social finance institutions, as ethical and cooperative banks and financiers, microfinance institutions, mutuals and cooperative insurers, philanthropy, credit unions and others, which understand the needs and characteristics of the social economy, and have incentives to invest in these projects.

Member States can borrow inspiration from existing good practices as:

- ❖ **Solidarity finance in France:** Solidarity finance links savers who seek to give meaning to their money to social economy enterprises and organisations with a

strong social and environmental purpose, which they will finance via the subscription of solidarity savings products. According to the criteria defined by the Finansol Label Committee, there are three types of solidarity savings products:

- Solidarity investment products for which solidarity is expressed in the sums invested: to be solidarity-based, all or part of the amount invested must finance socially and/or environmentally useful projects.
  - Shared products where solidarity is reflected in the income received: to be socially responsible, at least 25% of the interest generated must be paid in the form of donations to an association. These are often bank savings books and mutual funds.
  - Mixed products for which the mechanism is twofold. Solidarity is thus expressed through solidarity investment AND sharing. These are mainly mutual funds.
- ❖ In France, a specific form of investment fund for the social economy was created: solidarity-based fund, commonly known as “90/10 funds”, **that invest 5-10% of their assets in social economy actors**. 20 years later, 90/10 funds have shown their potential for social impact, while becoming commercial successes as well. **As of 2021, the total outstanding on 90/10 funds amounts to 13,7 Billion €**. These types of funds not only provide social economy actors with financing solutions uniquely adapted to their specificities, but also represent an innovative investment vehicle for asset managers and a reliable opportunity for investors to give meaning to their savings.

Under the current EU regulation, investing in vehicles adapted to the specificities of social economy actors disqualifies those solidarity-based funds from being commercialized to retail investors in the European Union. This issue seems not to stem from a concern that those vehicles specifically may be riskier than other securities for investors, thus being unfit to be commercialized on the European capital market freely. Rather, it appears to be part of a larger trend, where tools used by social economy actors, being less widespread than traditional securities, are often victims of a “blind spot”. Their specificities are not well taken into account when designing regulation or public policy, which sometimes leads to them being de jure or de facto excluded.

- ❖ The ESUS legal category/label (*Entreprise solidaire d'utilité sociale*)<sup>22</sup>: The ESUS, is part of the 2014 French law on the social and solidarity economy,

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<sup>22</sup> <https://www.economie.gouv.fr/entreprises/agrement-entreprise-solidaire-utilite-sociale-ess#>

which aims to create an ecosystem favourable to the development of social economy enterprises and organisations. The ESUS label is a "gateway" for social economy entities **with a strong social utility** seeking access to the above-mentioned solidarity finance, such as the amounts collected by employee savings schemes. ESUS approval also makes it possible to attract investors, who benefit, in exchange for an investment in the capital of certain categories of SMEs, from tax reduction schemes such as the Madelin or IR - SME schemes. The ESUS is obtained through a request to the government in which the social economy enterprise demonstrates that it follows certain rules and features strengthening its social utility.

## 6. Access to markets

**SEE calls on Member States and public authorities to further use and promote the use of socially responsible public procurement tools as social and environmental clauses, reserved markets, division into lots to ease the access of small and medium size enterprises, and market consultations.**

**SEE calls on Member States to adopt tools as the French “SPASER” (Strategies for Socially and Ecologically responsible public procurement),** a “policy innovation” introduced by the French Social and Solidarity Economy Law of 2014. The SPASER is compulsory for local authorities and their groupings, and for purchasers subject to the public procurement code who have a legislative status, whose annual expenditure exceeds €100 million. From 1 January 2023, this threshold will be 50 million euros (see decree of 2 May 2022). On the national territory, approximately 160 local authorities are concerned by the obligation to adopt a SPASER (>100,000,000€); that is to say, the majority of the metropolitan regions, about sixty departments, nearly 70 public establishments of inter-municipal cooperation and about ten municipalities (with a population of more than 250,000 inhabitants). However, even local authorities that are not concerned by this regulatory obligation can adopt a SPASER. The SPASER determines the objectives of a purchasing policy that includes social elements aimed at contributing to the social and professional integration of disabled or disadvantaged workers and ecological elements, as well as the methods of implementation and annual monitoring of these objectives. This scheme also contributes to the promotion of a circular economy.

**In line with EURICSE and Social Services Europe, SEE calls on Member States to promote the legal and political recognition for alternative instruments to public procurement for the provision of social services of general interest, in the spirit of the “shared administration” advanced by EURICSE.**

Member States should recognise the role of social economy enterprises and organisations in the provision of services of general interest such as care, social services or essential services and encourage Member States to adopt favorable legal

and policy frameworks to facilitate their creation and development. Many social economy entities provide services of general interest for all groups of the population, including vulnerable and disadvantaged groups.

If we look at the care sector, social economy entities, and among them worker cooperatives (as mutuals and other not-for profit social services providers), provide quality working conditions to the carers. They offer legal and stable employment in a sector where informal and undeclared work is prevalent, guaranteeing labor rights and eliminating precarity. They involve workers in democratic governance of their enterprise, increasing job satisfaction.

**In line with the recently launched care strategy, SEE calls on the European Commission and Member States to carry out more in-depth research into the contribution of the social economy to improving working conditions in the care sector.**

**As for “social economy labels”, SEE reminds that public authorities can support their emergence through market studies, however the decision to advance towards social economy labels at EU level should remain in the hands of private social economy actors.**

## 7. Transitions, industry, entrepreneurship, education & Skills

In line with the European Commission which identified -in the framework of its industrial strategy- the social economy as one of the fourteen industrial ecosystems for the EU's recovery, resilience, and sustainable development; **SEE calls on Member States and regional/local public authorities to integrate the social economy as part of their industrial and smart specialisation strategies.**



*The fourteen industrial ecosystems identified in the EU's Industrial Strategy (2021)*

**SEE stresses the added value of the social economy to accelerate fair and citizen-led/supported green and digital transitions, as well as to boost local development, strategic autonomy, and resilience.**

**SEE calls on EU Institutions and Member States to do more to integrate the social economy as part of the education curricula at all levels. The European Union can build on the several pilot projects that it has funded on youth entrepreneurship and social economy education.**

**SEE calls on Member States and public authorities to actively engage in the Youth Entrepreneurship Policy Academy that the European Commission, in cooperation with the OECD and social economy stakeholders, will launch in 2022 with a focus on social economy and women led entrepreneurship.**

**SEE calls on Member States and public authorities engaged with the social economy to join the Social Economy and Proximity Skills Alliance. An initiative of the European Commission, led by Social Economy Europe and EVPA.**

## **8. Monitoring the implementation of the Council Recommendation**

**SEE calls on the European Commission to monitor the implementation of the Council Recommendation on social economy framework conditions through:**

- ❖ The European Commission country specific recommendations, in the framework of the European Semester.**
- ❖ The Employment Committee, the Social Protection Committee and the Commission's expert group on social economy and social enterprises.**
- ❖ SEE welcomed the Commission's willingness to request Member States to formally report on their progress in implementing the recommendation no later than 3 years following its adoption and every 5 years after that. The exact timing of the first report should coincide with the reporting framework envisaged by the OECD Recommendation on the social and solidarity economy and social innovation, to minimise the administrative burden on EU governments.**

## About Social Economy Europe:

**Social Economy Europe (SEE)** is the voice of the 2.8 million social economy enterprises and organisations in the European Union. Created in November 2000 under the name of CEP-CMAF, SEE is the European network representing the collective interests of all social economy actors as cooperatives, mutuals, associations, foundations, social enterprises, and other social economy legal forms. SEE is currently unites 20 members, structured in three categories:

- ❖ European umbrella organisations of cooperatives, mutuals, associations and foundations, as AIM, AMICE and Philea.
- ❖ National Social Economy umbrella organisation, representing the diversity of social economy actors as CASES (Portugal), CEPES (Spain), ConcertES (Belgium), ESS-France (France), Forum Terzo Settore (Italy), SZOWES (Poland), Ukrainian Social Academy (Ukraine) and the Wheel (Ireland).
- ❖ European networks actively engaged in the promotion of the social economy as: CECOP, DIESIS, CEDAG, ENSIE, EMN, Eurodiaconia, FEBEA, IPSE, and REVES.

SEE is the organisation providing the technical secretariat to the **European Parliament's Social Economy Intergroup**, a cross-partisan group of 80 MEPs belonging to the main pro-EU groups. It is also an active member of GECES (European Commission Expert Group on Social Economy and social enterprises), co-leads the Pact for Skills for the Proximity and Social Economy Ecosystem, and actively participates in the EU Platform to Combat Homelessness, the Industrial Forum, and the UN Taskforce on Social and Solidarity Economy.

## Social Economy Europe has now 20 members!



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