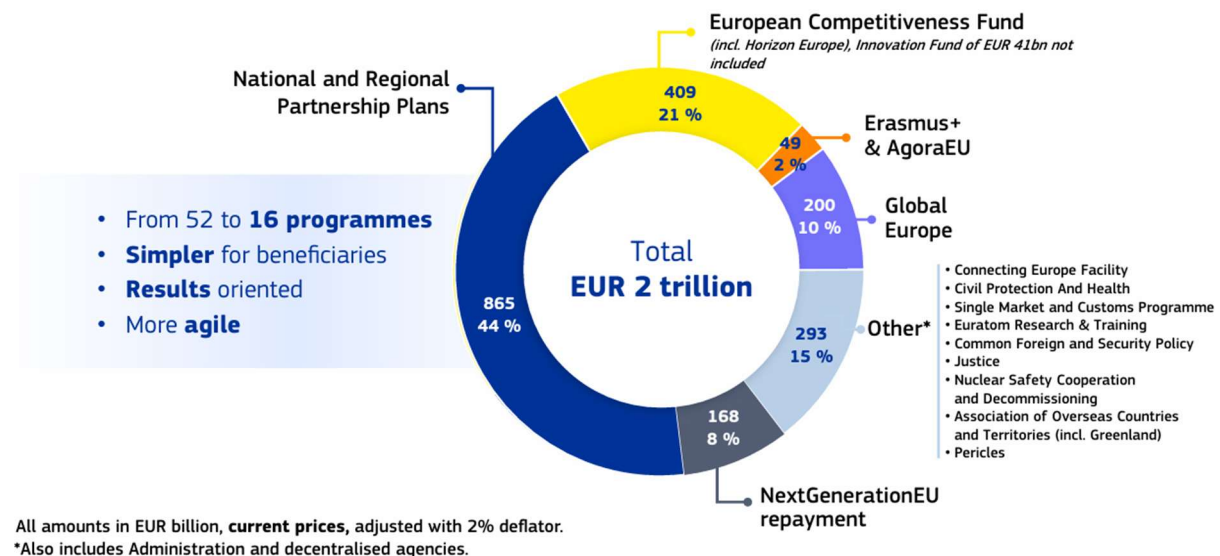


THE NEXT EU MULTIANNUAL FINANCIAL FRAMEWORK: WHAT'S IN FOR THE SOCIAL ECONOMY

The next Multiannual Financial Framework (MFF), the EU's long-term budget, is currently under negotiation between the European institutions. **What will be decided will have a significant impact on the future of the social economy**, in terms of available funding, ease of access to financing, and the participation of social economy actors in the different governing bodies that shape the EU budget allocation. In other words, the MFF **will determine the EU's concrete commitment to the Social Economy Action Plan**, and its willingness to **foster social and territorial cohesion, enhance resilience, democracy and reinforcing European competitiveness** through locally rooted economy.

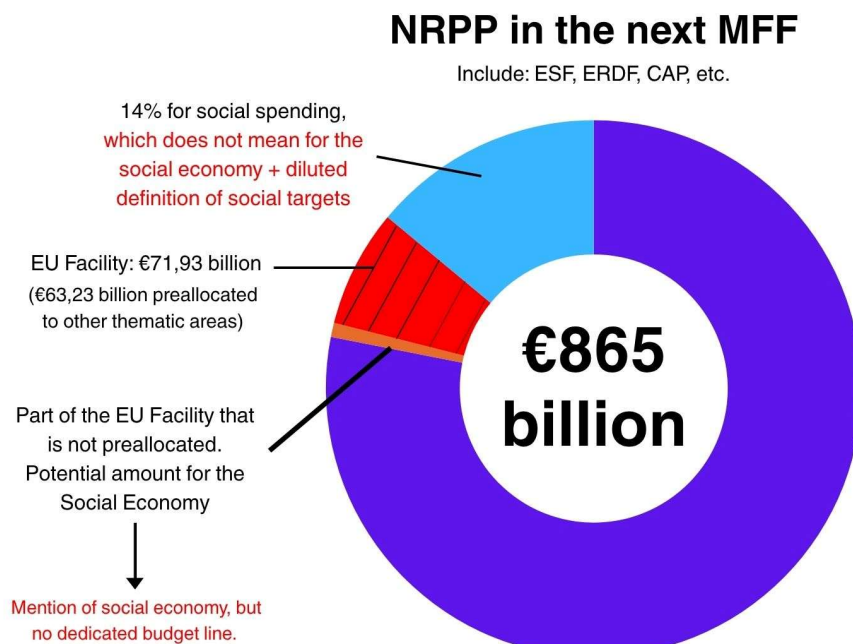
What changes in the EU budget architecture?



Source: Energy Cities

With this new architecture, the funds which currently support (directly or indirectly) the social economy are found mainly in the National and Regional Partnership Plans (NRPP) and in the European Competitiveness Fund (ECF).

This new architecture proposed by the European Commission puts support for the social economy at risk. The **NRPP** is the biggest EU fund that will be mostly managed by Member States in partnership with regions. It merges the European Social Fund Plus (ESF+), which is the main instrument for financing social policies, with the European Regional Development Fund (ERDF) and the Common Agricultural Policy (CAP) into the NRPP. In doing so, it risks diluting the focus on social objectives. The EU Facility (included in the NRPP) is meant as a fund that is flexible to allow the European Commission and the Member States to adapt budget to unforeseen crisis. It is the only fund that explicitly mentions social economy (in the Annex) as a target. In the current proposal, this Facility may serve as a guarantee to the InvestEU Instrument (important investment instrument) which is to be allocated to the ECF. There is no longer a Social Window in the proposed InvestEU, which is a key investment tool for social economy actors. In addition, **it is likely that the shifting priority on defence and competitiveness will be done at the expense of social policies**, reducing the budget allocated to it.



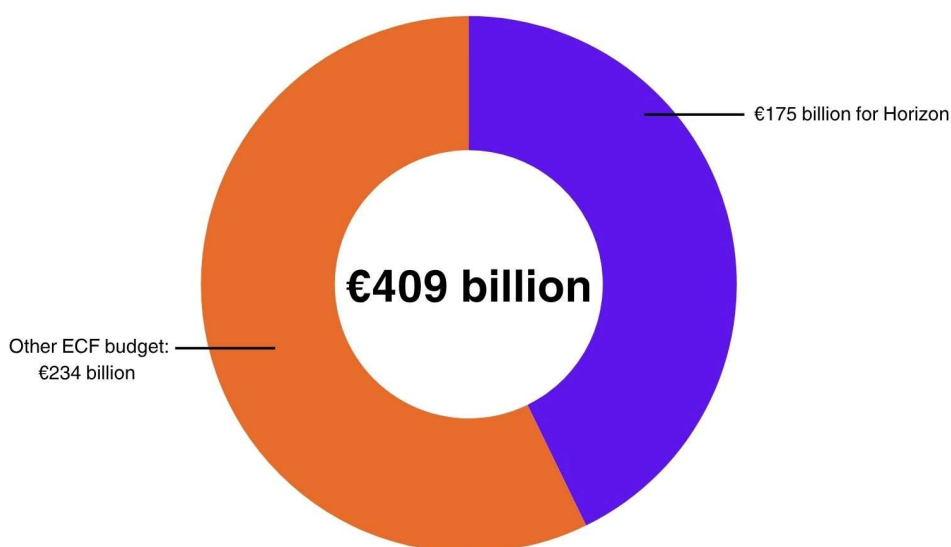
Source: SEE

The **ECF** is the second largest EU fund, it is meant to support the EU competitiveness and defense. It is centrally managed by the Commission and largely focuses on Defense and Competitiveness. Social Economy and SME's are not recognised as key actors in these fields when many actors recognise that the EU competitiveness is much linked to its unique social model (for which social economy plays a crucial role).

Not integrating such actors also misses out on over 95% of the EU economic fabric and most of all a locally rooted economy that preserves wealth where it is produced while participating to the EU industrial autonomy. At the time being social economy benefits from Horizon programmes, SEE has not analysed yet this file. With the new approach of the Commission, it is likely that funds for the ecosystem will diminish, regardless of its proven contribution to innovation.

ECF in the next MFF

Include: InvestEU, Horizon, etc. **No mention of Social Economy.**



Source: SEE

Aware of these challenges ahead, how will **the Social Economy Action Plan (SEAP) be further implemented and supported in the next MFF?** SEE's members worked together on key proposals to ensure that **the social economy remains a strategic partner of the EU and is understood as a key player** to achieve a fair, resilient and democratic Europe. Without social cohesion and democracy, the EU will lose its competitiveness and its *raison d'être*, a place of peace enabled by economic cooperation. Without these values, the EU doesn't have much to defend against.

SEE advocacy

SEE's key request can be resumed as follows:

1. Reinforcing the role of the social economy and recognising its added values and specificities

- **Recognising the key role of the social economy** by clearly establishing it as one of the specific objectives of the ESF+ and ECF, as well as giving legal certainty to the ecosystem by **referring to the Council recommendation on developing social economy framework conditions' definition of social economy entity and social enterprise;**
- **Ensuring the right balance between investments in infrastructure and financing for people-oriented measures** to avoid giving priority to infrastructure, which can easily be highlighted, to the detriment of measures focused on people which are less visible but also important;
- **Introducing a 7% specific budget allocation for the social economy** within the ESF+ to allow the ecosystem to thrive;
- **Including the social economy actors in all MFF governing bodies** to ensure that their perspectives and expertise are taken into account when designing the plans;
- In addition to the quantity criteria, **quality criteria should be introduced** to evaluate the financed measures and take into account the real added value of the social economy.

2. Ensuring the continued funding of measures that have proven their efficiency

- **Maintaining a stand-alone European Social Fund Plus (ESF+)** with a clear budget allocation and an own governance to secure social funding, effective implementation of the SEAP, and stronger policy impact;
- **Ensuring the continuity of the Employment and Social Innovation (EaSI) strand** with a dedicated budget to secure measures already financed by this fund;
- **Maintaining a dedicated Social Investment and Skills Window**, as already exists in the current InvestEU programme, with a dedicated budget envelope. Its efficiency and high demand should make a case to transform it in a **structural financial instrument within the ECF**, with adapted eligibility criteria and proportionate reporting requirements for smaller financial intermediaries;
- **Ensuring the continuation of EU-level EaSI fund.**
- **Ensuring continuity of the Social Inclusive Finance Technical Assistance (SIFTA)** to support microfinance and social finance actors.