

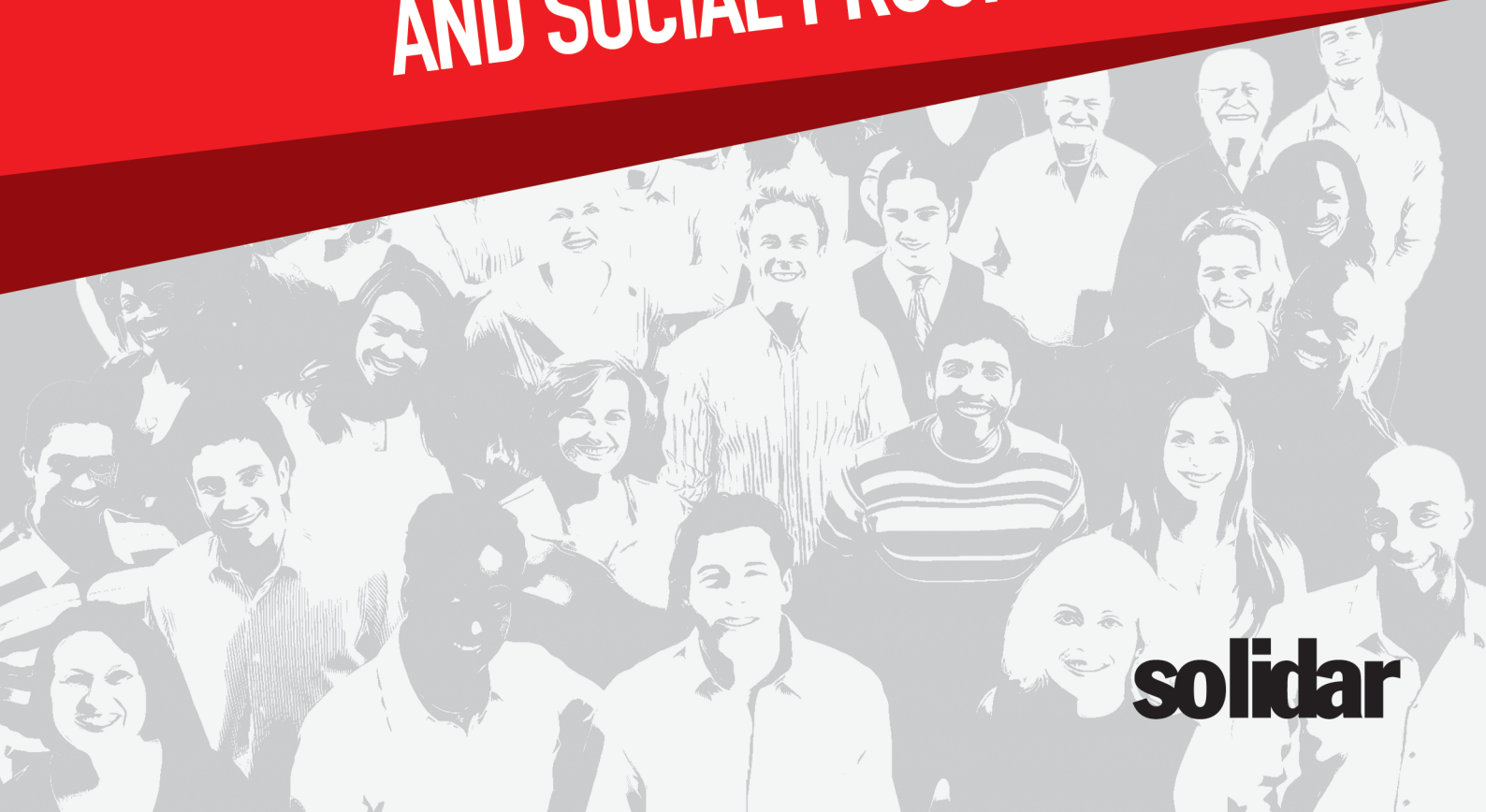
Together for



Briefing #64

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# PROMOTING THE SOCIAL ECONOMY AS A DRIVER FOR INCLUSIVE GROWTH AND SOCIAL PROGRESS



**solidar**

## TABLE OF CONTENTS

<b>Foreword .....</b>	<b>3</b>
<b>Executive Summary .....</b>	<b>4</b>
<b>The social situation in Europe .....</b>	<b>5</b>
Social realities in Europe .....	5
Latest EU policy developments .....	6
<b>Our values and key demands for a social Europe .....</b>	<b>9</b>
<b>The social economy: essential pillar of social Europe.....</b>	<b>12</b>
Definitions .....	12
Characteristics and differentiations of social economy actors .....	15
Our guiding principles and values .....	15
<b>The choice: for-profit social business or not-for-profit and value based .....</b>	<b>16</b>
<b>The social economy as civil society's answer to our demands for an inclusive society .....</b>	<b>17</b>
<b>Our demands to strengthen the social economy at EU level.....</b>	<b>20</b>



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## FOREWORD

Europe has been hit by one of the worst economic, financial and social crises ever experienced since the end of 2<sup>nd</sup> World War. A narrow focus on financial and fiscal consolidation through austerity measures has had a severe impact on the situation of the most vulnerable groups in society. Exorbitantly high unemployment rates, especially among our young generation, have led to increasing inequalities within society and between EU Member States. 24 million people without a job and the same number of working poor as well as 120 million people living at risk of poverty, a quarter of the EU's total population, are a clear illustration of the imbalances and injustices of the EU's reform process.

At times of growing social disparities, with an increasing number of people excluded from society and the fair distribution of public resources, providing qualitative, comprehensive and affordable social services becomes increasingly challenging. Social economy actors can provide these services on the basis of an alternative economic model that does not exclusively seek to maximise profits and reduce costs at any price.

Together with our members we have developed a new cooperation programme based on our common vision of a social economy at European level. This framework paper highlights our common perspective of the social economy, outlining our stand against the commercialisation of the social sector. Social economy actors are a pillar of our democratic society. They promote the quality of living together, ensuring a peaceful social system and improving the lives of many people.

Our social economy enterprises constantly develop socially innovative approaches for a sustainable, inclusive and democratic alternative “business model” as innovation is in our DNA. Their economic activity concentrates on the achievement of social and sustainable goals, values individual and collective skills, competences and knowledge and often emerges from local dynamics and needs. Through our approach we contribute to a more cohesive and more social Europe.

The potential of the social economy must be fully recognised by decision-makers at EU level, in particular the European Commission. We need a level playing field and have to raise more awareness for the social economy sector and create conditions under which the economy serves society and common interests instead of undermining them. This is our contribution to smart, sustainable and inclusive development of Europe as stipulated in the Europe 2020 agenda.

SOLIDAR is a European network of 60 NGOs working to advance social justice in Europe and worldwide. SOLIDAR voices the concerns of its member organisations to the EU and international institutions across the policy sectors of social affairs, international cooperation and lifelong learning.

Together for social justice in Europe - and worldwide!



Conny Reuter  
SOLIDAR Secretary General

## EXECUTIVE SUMMARY

The social economy is an essential pillar of the European social model and its actors play an important role in maintaining social services and in overcoming economic and social crises; in recent years 3.5 million new jobs have been created in the social economy. The social economy accounts for 10-12% of the European economy and its actors constitute an important economic force, stimulating innovation by pointing out existing deficiencies and inconvenient truths. By their nature and by the work they do, they contribute to establishing a more cohesive, democratic and active society, and often with favourable working conditions.

Five years of austerity measures have had a significant impact on the social situation in Europe. The EU is faced with ever higher unemployment and the lowest employment figures since the onset of the crisis. 24 million people without a job, about the same number who can no longer live on their income and have become the working poor. 120 million people living at risk of poverty, a quarter of the EU's total population. Nearly a quarter of economically active young people in Europe are unemployed: 5.6 million young people without a job.<sup>1</sup> The EU has to step up efforts to promote a high level of employment, guarantee adequate social protection systems, and combat social exclusion. The focus needs to be shifted away from pure fiscal and financial consolidation towards social consolidation<sup>2</sup>.

Social economy actors bear a social responsibility for the well-being and inclusion of significant numbers of people. They are close to the people and aware of their needs, worries and hopes. Social economy actors involve volunteers in various sectors and therefore contribute to our democratic society. Furthermore, they work in a structured way with stakeholders. By seeking new and diverse approaches – including developing value-based public-private partnerships – to address ever changing social and societal questions, they are key **proponents of social**

**innovation.** These characteristics unite the broad variety of social economy actors and distinguish them from private business actors striving for profit.

**The potential of the social economy must be fully recognised by decision makers at EU level, in particular the European Commission. We need a level playing field and have to raise more awareness of the social economy sector and create conditions under which the economy serves society and the common good instead of undermining it. SOLIDAR therefore recommends the following:**

We demand the **comprehensive and structured inclusion of civil society** and especially social economy actors in the decision-making process at EU level.

Social economy actors should be appraised by the social added value they produce. A **clear distinction between not-for-profit and for-profit** enterprises should be made in national and EU legislation based on the unique characteristics of social economy actors: democratic control, membership-based, engaging volunteers and civil society, serving the general interests of society at large, innovative and providing decent and quality employment.

We demand clear and stringent regulatory parameters at EU and national level for the provision of social services that incorporate **social and ecological criteria.**

We argue for the **full statistical recognition** of social economy actors and their economic value.

We call on the EC to further encourage and **improve the Open Method of Coordination (OMC)** as the legal and institutional framework in the Member States and as the key to the successful establishment and development of a social economy structure.

Within the EU 2020 strategy and the framework of the European Semester we demand a **comprehensive monitoring process** of social developments by means of the **scoreboard.**

We call on the EC to further develop a **European statute for associations** to complement existing legal statutes at Member States' level and emphasise the importance of

<sup>1</sup> Data available at Eurostat:

[http://epp.eurostat.ec.europa.eu/portal/page/portal/employment\\_unemployment\\_lfs/data/main\\_tables](http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/main_tables)

<sup>2</sup> By social consolidation we mean a policy coordination process to move towards a more social and cohesive Europe and to deliver on the social, employment and education targets of the Europe 2020 Strategy.

activities carried out by volunteers in various sectors of the social economy.

The **financial framework** of our social work has to be redesigned according to the principles of community and social cohesion.

We support the creation of a **quality framework** following the principles laid down in this paper.

## THE SOCIAL SITUATION IN EUROPE - FIVE YEARS OF AGGRAVATION

### Social realities in Europe

**Five years of austerity measures have had significant effects on the social situation in Europe. The EU is faced with ever higher unemployment and the lowest employment figures since the onset of the crisis. As a consequence poverty and social exclusion are rising throughout the Union.**

**24 million people without a job**, and about the same number who can no longer live on their income and have become the working poor. **120 million people living at risk of poverty**, a quarter of the EU's total population. Nearly a quarter of economically active young people in Europe are unemployed: **5.6 million young people without a job**. Youth unemployment is now as high as 60% in countries like Greece and Spain.<sup>3</sup> **Wage inequality** is increasing across all sectors. Long term unemployment and prolonged inactivity threaten an entire generation. At the same time a growing number of people are being attracted by extremist political parties at both ends of the political spectrum.

The **Europe 2020 targets** of a 75% employment rate, increasing the number of adults completing third level education to at least 40% and reducing the number of people living in poverty by 20 million are far from being reached<sup>4</sup> whilst inequalities between social groups (and regions) regarding access to healthcare and quality social services remain long-standing challenges. Poverty and social exclusion are steadily increasing in the EU, mainly as a result of the deteriorating labour market situation and the limited effectiveness of the social protection systems to respond to growing needs.

The adjustment policies and structural reforms imposed by the **Troika** – consisting of the International Monetary Fund, the European Commission and the European Central Bank – on **Greece, Ireland, Portugal and Cyprus** have led to persistently high unemployment rates, record levels of job losses and an increase in precarious working conditions. The most vulnerable groups such as the young, long term unemployed, disabled, women and migrant workers are the hardest hit, with unemployment rates above the national average.

The impact of the Troika-programmes on the national labour markets of the four countries will limit their ability to successfully recover, will further provoke **forced labour migration** and finally lead to persistent **divergence between EU Member States**. Furthermore, the cuts imposed on national budgets and on pensions, health care and basic services have a severe negative impact on national poverty levels. In addition, the programmes establish conditions that allow firms to opt-out of collective bargaining agreements and to review sectoral wage agreements.

Another aspect of adopting austerity measures and thereby fostering poverty and social exclusion is the strict application of the excessive deficit procedure (EDP); an action launched by the European Commission 'against' any Member State that exceeds the budgetary deficit ceiling imposed by the EU's Stability and Growth Pact legislation. **Italy, Latvia, Lithuania, Hungary, Malta, Romania and Croatia** were faced with this procedure at the height of the crisis, or are still facing it. Although it stimulates budget deficit reduction by Member States, it often represents another blow to their welfare states and, hence, undermines the state's automatic stabilisers leading to further growth in income disparities, social exclusion and poverty.

The EU has to **step up efforts to promote a high level of employment, guarantee adequate social protection systems, and combat social exclusion**. The focus needs to

<sup>3</sup> Data available at Eurostat:

[http://epp.eurostat.ec.europa.eu/portal/page/portal/employment\\_unemployment\\_ifs/data/main\\_tables](http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_ifs/data/main_tables)

<sup>4</sup> Data available at Eurostat:

[http://epp.eurostat.ec.europa.eu/portal/page/portal/europe\\_2020\\_indicators/headline\\_indicators](http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/headline_indicators)

be shifted away from pure fiscal and financial consolidation towards social consolidation. In its Social Investment Package, the European Commission points at the fact that Member States with a **stable structure of social services** have been hit less hard by the crisis and are coping better with current social challenges.

For many decades, **social economy enterprises** have been searching for alternatives to the pure profit seeking that has led to the financial and social crises we are experiencing in Europe today. They can build on their experience from a long history, developing different models and striving for their position in the Single Market. Financial profit does matter to the enterprises of the Social Economy but only as a means to a broader end. Their business model is geared towards **social objectives** achieved through business means. They are often eager to work in a spirit of **solidarity**, responsibility and openness and they are a testing ground for an economy that is not based on a „piranha tank“ model.

The social economy has increased its **share of employment** within Europe in the period 2002/2003 and 2009/2010, rising from 6% to 6.5% of total European paid employment and **successfully generating 3.5 million new jobs** (up from 11 million to 14.5 million).<sup>5</sup>

## Latest EU policy developments

**Europe 2020 is the EU's 10-year strategy for smart, sustainable and inclusive growth. It consists of five key targets: employment (75% of 20-64-year-olds to be employed); education (reducing the rates of early school leaving to below 10% and at least 40% of 30-34-year-olds completing third level education); research and innovation; social inclusion and poverty reduction (at least 20 million fewer people in or at risk of poverty and social exclusion); and climate/energy.**

### *Europe 2020 Strategy*

Economic challenges such as sluggish economic growth, the complexity of society and growing demands for new services as well

as social challenges such as an increasing life expectancy, increased demand for care services for children and other dependants and the integration of migrants, cannot be addressed by a 'business as usual' approach. EU decision-makers have had to strengthen the social aspect of the EU's growth strategy. Nevertheless, up-to-date statistics<sup>6</sup> show a clear mismatch between the targets set by EU 2020 and the current situation. The contradiction between social inclusion policies and austerity policies becomes more and more visible.

The mid-term review of the EU 2020 strategy expected to be published at the end of 2014 will underline this picture. Pressure needs to remain high on European decision-makers to avoid the risk of social indicators being left out of the mid-term review.

All Member States have committed to achieving the Europe 2020 targets and have translated them into national targets and growth-enhancing policies. They are coordinated within a yearly cycle of economic policy coordination called the **European Semester**. Each year the European Commission (EC) undertakes a detailed analysis of EU Member States' programmes of economic and structural reforms (national reform programmes) and provides them with recommendations for the next 12-18 months - the so called country specific recommendations. The European Semester starts when the Commission adopts its **Annual Growth Survey**, usually towards the end of the year, which sets out EU priorities for the coming year to boost growth and job creation. The Annual Growth Survey is accompanied by the Joint Employment Report which assesses the social and employment situation in the EU. For the first time, a **social scoreboard** has been included in the Joint Employment Report for 2014. This scoreboard needs to be used not only as an analytical tool but as the basis for concrete and legally binding indications for the Member States within the country specific recommendations. The EC also publishes Employment and Social Situation Quarterly Reviews for a more timely stocktaking.

In a response to the persistent high level of unemployment, the EC adopted an **Employment Strategy** in spring 2012 which provides a framework (the "Open Method of

<sup>5</sup> Study commissioned by the EESC on the Social Economy in the EU: <http://www.eesc.europa.eu/resources/docs/qe-31-12-784-en-c.pdf>

<sup>6</sup> Employment and social developments in Europe 2013: <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&puid=7315>



Coordination") for EU countries to share information, discuss and coordinate their employment policies. It consists of different policy tools to boost the creation of jobs, reform the national labour markets with the aim of creating a European labour market and investing in skills and finally to improve EU governance by inter alia involving social partners. A special focus is put on Youth Employment. In spring 2013, the EC published its **Social Investment Package (SIP)**<sup>7</sup>, a set of tools to urge Member States to prioritise social investment (active inclusion, social innovation, against poverty and exclusion...) and modernise their welfare systems.

The SIP represents an important acknowledgment of the policy change that SOLIDAR together with other NGOs have been calling for on a regular basis: investment in people and social cohesion instead of cuts. SOLIDAR has been recognised as a major actor in the fields of employment and social inclusion. The acceptance of our application for the **Employment and Social Innovation Programme (EaSI)**<sup>8</sup> and a 4-year framework agreement is a major breakthrough in the momentum around the Europe 2020 strategy's European Semester and the resetting of national reform programmes and country specific recommendations. We will continue calling for a paradigm shift in European social policy focused on investment instead of fiscal and financial consolidation. The social dimension of the European Semester needs to be further strengthened.

Since 2000, the Open Method of Coordination (OMC) has been used for the development and convergence of policy goals between Member States and the EC. The exchange of best practices and reporting on experiences with new policy tools have proved to be helpful to raise awareness of developments in social indicators. The EC risks a loss of transparency and participation of experts from Member States and the scientific community if the OMC gets completely dissolved in the European Semester as recent communications from the EC indicate. Instead, the OMC needs to be intensified and civil society organisations need to be involved.

### **Social Business Initiative**

The EC wants to contribute to the creation of a favourable environment for the development of social businesses in Europe and of the social

economy at large and therefore adopted the Social Business Initiative in autumn 2011.<sup>9</sup> It consists of the newly created **European Social Entrepreneurship Funds**<sup>10</sup>, a common legal framework adopted in summer 2013, under which funds can invest in social economy enterprises and get recognised by a common label. The aim is to boost private investment in the social economy.

Another tool is the newly created **Employment and Social Innovation Programme (EaSI)** which consists of €815 million for the period 2014-2020 and comprises elements of the former Progress, EURES and Microfinance programmes. It will support the exchange of best practices, the design and implementation of policy reforms and the testing of new solutions in areas such as youth employment and inclusion. The EURES network for EU wide job seekers will be reinforced and microcredit providers will be supported. The EC's work on the different statutes for social economy actors is currently largely stagnating.

SOLIDAR inputs were taken up in the European Parliament (EP) report on the Social Business Initiative (Becker report) with regards to the definitions of social enterprise, social innovation and social policy experimentation as well as the call for a clear definition of social enterprises that distinguishes them from Corporate Social Responsibility in terms of objectives, social character and decision-making processes. Furthermore, the report explicitly asks support for innovative social enterprises, in particular those promoting quality employment, combating poverty and social exclusion and investing in education, training and lifelong learning.

### **Public Procurement**

The EU public procurement directives set out the rules under which public bodies purchase goods, services and works, and aim to guarantee equal access to and fair competition for public contracts within the EU market. Very recently these rules have been revised and now put a focus on qualitative aspects such as **social, innovative and environmental considerations**, including accessibility, qualification of the staff, production processes or delivery conditions and will allow public authorities to give preference to bidders that

<sup>7</sup><http://ec.europa.eu/social/main.jsp?catId=1044&>

<sup>8</sup><http://ec.europa.eu/social/main.jsp?catId=1081>

<sup>9</sup>[http://ec.europa.eu/internal\\_market/social\\_business/index\\_en.htm](http://ec.europa.eu/internal_market/social_business/index_en.htm)

<sup>10</sup>[http://ec.europa.eu/internal\\_market/investment/social\\_investment\\_funds/index\\_en.htm](http://ec.europa.eu/internal_market/investment/social_investment_funds/index_en.htm)

offer better working conditions to their workers, favour the integration of disadvantaged workers, and offer sustainably produced goods.

The new provisions establish that public authorities have to evaluate tenders using the Most Economically Advantageous Tender (MEAT) criterion, which is determined on the basis of the price or cost but may also include the best price-quality ratio using qualitative, environmental and social criteria. Thus, public authorities can organise public procurement in a sustainable manner with a focus on quality services instead of the cheapest offer. However, regrettably, it is not a legal obligation for authorities to include quality criteria, they can still purchase on the basis of the cheapest option. It is **up to Member States** to make the consideration of qualitative and social aspects compulsory when implementing the new provisions. Regarding the procurement of services in the social and healthcare sector, a lighter regime to the regular procurement procedures will be applicable. Furthermore, Member States may **reserve certain procurement contracts for social economy operators** but such reserved contracts may not be awarded twice in a row to the same social economy actor which might pose obstacles to the continuity of service provision.

SOLIDAR put forward recommendations within the network for sustainable public procurement and social services Europe on the recognition of the specificities of SSGI<sup>11</sup>, the increased threshold for services and the explicit reference to the European Voluntary Quality Framework<sup>12</sup> which have been taken into account by the European Commission and the European Parliament. We will continue working on this topic to make sure that European institutions and Member States cooperate to ensure the correct implementation of the new legislative framework and make the quality criteria mandatory.

### **State aid rules**

EU legislation on state aid has been updated recently and public financing for social services has become easier. But some

**problems remain, especially regarding long term investment, the concrete definition of social services and rules on setting the right amount for public financing.**

Most social service providers require public financing in one way or the other. Either they receive direct payments from the local/regional authorities/the state or indirect payments like discounts on rents for publicly owned facilities. For several years, the **legal status of social services in European state aid rules** was unclear and direct or indirect financial support by public authorities could be considered illegal state aid. State aid rules define the nature of public funding given to an enterprise or organisation as a legal or illegal subsidy. Thus, the public funding of social services and services of general interest should be regulated.

In 2011 and 2012, the rules were clarified. Firstly, the **threshold for notification has been increased** to €500,000 for social service providers. Secondly, **exemptions** for social service providers receiving more than €500,000 have been generalised. The nature of the activity is the decisive criterion for granting an exemption. If it is a non-economic activity or if the activity has no effect on trade, public funding is deemed compatible state aid. For payments below €15 million per year to be deemed compatible with the law, the state has to show that the social service provider has not been entrusted with the task for more than ten years or that a significant investment is made. There remain a few negative aspects to these new rules, for example the fact that they still focus primarily on the social inclusion of vulnerable groups without recognising that social inclusion is important for all groups in society.

In 2013, the EC released an updated version of the Guide to the application of EU rules on public services and in particular social services of general interest<sup>13</sup>, providing more explanations on the discretion and limits of Member States in defining a service of general economic interest and more clarification on the concepts of economic or non-economic activity.

SOLIDAR welcomes the effort made by the European Commission to provide more clarification to public authorities and service providers at national level on state aid rules. We call upon the European institutions to

<sup>11</sup> Social Services Europe position paper:

[http://www.socialserviceseurope.eu/images/Social%20Services%20Europe%20032012%20Initial%20Position%20on%20Draft%20Public%20Procurement%20Directive\\_new.pdf](http://www.socialserviceseurope.eu/images/Social%20Services%20Europe%20032012%20Initial%20Position%20on%20Draft%20Public%20Procurement%20Directive_new.pdf)

<sup>12</sup> The framework can be found here:

[http://ec.europa.eu/services\\_general\\_interest/docs/comm\\_quality\\_framework\\_en.pdf](http://ec.europa.eu/services_general_interest/docs/comm_quality_framework_en.pdf)

<sup>13</sup>[http://ec.europa.eu/competition/state\\_aid/overview/new\\_guide\\_eu\\_rules\\_procurement\\_en.pdf](http://ec.europa.eu/competition/state_aid/overview/new_guide_eu_rules_procurement_en.pdf)



continue the dialogue with civil society organisations and not-for-profit social service providers as regards the implementation of the new rules in order to achieve a social market economy.

### ***The General Block Exemption Regulation (GBER)***

The current GBER has been in force since 29 August 2008 and enables Member States to grant state aid on the basis of pre-defined criteria with no need to notify the European Commission. The intention is to save time, reduce the administrative burden and promote models of good aid. To achieve these objectives, the Commission is further enlarging the scope of the GBER as part of its update of the state aid package. First public consultations on the GBER took place in 2013; another round has been concluded in February 2014.

The Commission suggested new categories of exempted aid and further simplification to the assessment, thus reducing the administrative burden for Member States. The enlargement of the scope of the GBER and simplification will have to be balanced by increased transparency of aid measures and strengthened ex-post controls. Member States are required to publish on a comprehensive State aid website at national or regional level, the following information: Summary information on the aid measure; the full text of the aid measure or a link providing access to it; information on each individual aid award exceeding EUR 200.000.

The Commission will adopt the final GBER by July 2014.

Regarding training projects, the European Commission has lowered the level of aid intensity from 60 % to 50 %. Furthermore, trainees' personnel costs and general indirect costs (administrative costs, rent, overheads) are only eligible costs for small and medium-sized enterprises (SMEs) with less than 250 employees (Art. 30 para 3 GBER). This restriction can be difficult for organisations

which do not meet the criteria for SMEs and are therefore excluded from participating in partnership projects. These organisations would have to carry a double financial burden: they would have to pay the personnel costs for the participants (wage continuation) and these personnel costs would not be considered as co-financing in applying for EU funds.

### ***European Social Fund***

The new programming period for EU funds for 2014-2020 has just started. The European Social Fund (ESF) consists of approximately €10 billion per year and thereby accounts for about 10% of the EU budget and focuses on priorities such as improving the adaptability of workers, improving access to employment and investing in lifelong learning. 20% of the ESF's budget is intended to be spent on social inclusion by fighting marginalisation, supporting local partnerships and promoting social enterprises. The ESF can support social enterprises in finding financial support for their activities and in acquiring technical or management skills.

SOLIDAR welcomes the adoption of the **Partnership Principle** within the structural and investment funds which requires Member States to strengthen cooperation between their authorities responsible for spending EU funds and project partners such as regional, local, urban and other public authorities, trade unions, employers and non-governmental organisations to improve consultation, participation and dialogue. The Partnership Principle is a legally binding and directly applicable Commission regulation which will improve transparency, ensure more time and better information for project partners, the creation of mutual learning platforms and enable capacity building during the planning, implementation, monitoring and evaluation of projects. To become fully effective, it needs to be monitored on a yearly basis and the quality of partnerships needs to be measured with the help of clear indicators.

## **OUR VALUES AND KEY DEMANDS FOR A SOCIAL EUROPE**

**In defining and implementing its policies and activities, the EU has to take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, the promotion of access to**

**education and participation in lifelong learning and protection of human health.**

SOLIDAR is a European network of NGOs working to advance social justice in Europe and worldwide **founded in 1948** to encourage international cooperation between social aid organisations connected to the labour

movement. First known as International Workers' Aid the organisation set up its headquarters in Brussels in 1995 and was renamed SOLIDAR.

Currently the network is composed of 60 member organisations based in 27 countries (22 of which are EU countries), working in one or more of our fields of activity: social affairs, lifelong learning and international cooperation. The network is **brought together by its shared values of solidarity, equality and participation**. SOLIDAR voices the concerns of its member organisations and their partners (in the Global South) to the EU and international institutions by carrying out active lobbying, project management and coordination, policy monitoring and awareness-raising.

In the framework of the Europe 2020 and Internal Market policies, employment and social developments (the so called "social dimension") should be given due attention in order to make tangible steps towards realising social cohesion as well as preventing increasing disparities and long-term exclusion.

1. *Fighting unemployment: Promoting initiatives aimed at providing quality and inclusive employment for vulnerable groups (in particular young adults not in employment, education and training (NEETs) and migrants).*

In order to guarantee inclusive growth in Europe, we call for the promotion of initiatives aimed at providing inclusive labour market opportunities to vulnerable groups, in particular NEETs and migrants. As in our view **the realisation of an inclusive and cohesive society goes beyond a workfare approach, we believe that lifelong learning opportunities including non-formal and informal learning should be part of employment policy strategies – for instance by integrating lifelong learning as a crucial component of active labour market policies.**

2. *Improving access to and provision of quality social and healthcare services for all: Ensuring universal access to social services as well as quality employment in the healthcare and social sector.*

We promote the idea of **ensuring universal access to social services as a pre-requisite to combating poverty and achieving equality. Due attention must be given to access to quality services**. Furthermore, we believe quality healthcare and social services are inextricably linked to decent work and quality employment. We support the creation of sustainable quality employment and decent work conditions that would also have the effect of attracting people to the health and social services sector and thus better exploit its employment potential.

3. *Promoting access to and participation in lifelong learning: Encouraging participation in lifelong learning (especially non-formal and informal learning, with specific focus on: NEETs and school dropouts).*

To empower people, reduce inequalities and support the well-being of society, we promote the idea of making lifelong learning a reality for all, encouraging participation in lifelong learning, especially for those who are far from education, have a weak income position, NEETs, early school leavers, and people at risk of skills deterioration. Moreover we call on European institutions and Member States to work on the **recognition and validation of non-formal and informal learning in order to empower people and increase their employability so as to bridge the gap between labour market needs and available qualifications.**

4. *Promoting, reinforcing and supporting the social economy: Promoting alternative economic models based on the values of co-operation, inclusivity, trust, democratic legitimacy, equality and reinvestment of benefits that support the creation of sustainable, inclusive and quality jobs.*

We call for the **full recognition and promotion of the social economy as an alternative economic model based on the values of co-operation, inclusivity, trust, democratic legitimacy, equality and reinvestment of profits which supports the creation of sustainable, inclusive and quality**

**jobs as well as improving the availability and quality of social services.** We call on the European institutions and Member States to support the development of social enterprises which are on the front line of making tangible steps towards fighting poverty and social exclusion and empowering people to create more social cohesion. We call for a level playing field where the sovereignty and characteristics of social economy actors are respected.

5. *Strengthening active citizenship and volunteering for social cohesion. Establish a more efficient and effective policy framework to support and promote volunteers, volunteering and volunteer-involving organisations.*

SOLIDAR believes that **people's empowerment and social engagement such as volunteering are crucial aspects of the creation of a more cohesive society in which every individual can fully participate in realising her/his own potential and contribute to the well-being of their communities.** An open and inclusive society, providing room for all to participate in decisions, is necessary to strengthen social cohesion as well as advance the values of solidarity, social justice and social responsibilities. The work of civil society organisations active in promoting people's engagement and participation in society has a direct impact on the realisation of a more cohesive and equal society. Thus, also in the context of the social dimension of the Economic and Monetary Union, their contribution should be taken into account.

The Policy Agenda on Volunteering in Europe (PAVE)<sup>14</sup> provides recommendations for a more efficient and effective European policy framework to support and promote volunteers, volunteering, volunteer-involving organisations and their partners. PAVE stresses the need for a partnership approach which involves all stakeholders continuing to work

towards and enabling volunteering infrastructure in Europe.

6. *Fighting discrimination and social exclusion and promoting access to economic, social, cultural and democratic rights for all.*

Promoting a right-based approach to **remove obstacles preventing vulnerable people from accessing their economic, social, cultural and democratic rights as well as receiving equal opportunities and equal treatment.** Fighting discrimination in access to jobs or society based on social origin, gender, age and disability is a crucial aspect to be taken into account when developing policy strategies to eradicate poverty and decrease social exclusion in order to create inclusive and equal societies. Throughout the EU attempts have been made to undermine the freedom of peaceful assembly and association; therefore, we call for the active monitoring of civil and political rights in the European Union.

In developing innovative approaches to tackle poverty and social exclusion, the application of the **subsidiarity and proportionality principles** is crucial: decisions have to be taken as closely as possible to the citizens and any action should not go beyond what is necessary to achieve the objectives of the EU Treaties. In some instances this paper points at proceedings that undermine aspects laid down in the Lisbon treaty, i.e. the establishment of a social market economy that aims at full employment and social progress, while combating social exclusion and discrimination, and promoting social justice and protection.

In order to respect these fundamental principles, civil and social dialogue are crucial at local, national and European level whilst empowering the social economy, respecting national specificities.

Hence, in addition to the six points above, SOLIDAR welcomes the **Partnership Principle**<sup>15</sup> within the EU's structural and investment funds which requires Member States to strengthen cooperation between their authorities responsible for spending EU funds and project partners such as regional, local

<sup>14</sup>[http://www.eyv2011.eu/images/stories/pdf/EYV2011Alliance\\_PAVE\\_copyfriendly.pdf](http://www.eyv2011.eu/images/stories/pdf/EYV2011Alliance_PAVE_copyfriendly.pdf)

<sup>15</sup> [http://europa.eu/rapid/press-release\\_IP-14-5\\_en.htm](http://europa.eu/rapid/press-release_IP-14-5_en.htm)

and other public authorities, trade unions and non-governmental organisations to improve consultation, participation and dialogue. Although a 20% share of the ESF has been dedicated to social inclusion, there is still a risk that labour market oriented activities will overlook more integrated social inclusion approaches. **SOLIDAR recommends using**

**the EU structural funds to invest in the development of the social economy as an important source of innovative responses to social challenges by integrating vulnerable persons and groups, and a source of competence development and employment creation.**

## THE SOCIAL ECONOMY: ESSENTIAL PILLAR OF SOCIAL EUROPE

**Defining the social economy is not an easy task; there is a broad variety of definitions by different actors.**

The social economy can have many names: **social economy** (enterprises with certain legal forms such as cooperatives, associations, mutual societies and foundations), **solidarity economy** (enterprises with particularly charitable aims), **third sector** (not-for-profit private enterprises), **economic self-help** (mostly locally organised with a democratic structure), **social enterprises** (private enterprises with mainly social goals) etc. Furthermore, different enterprises and organisational structures identify themselves according to different concepts. Even if they consider themselves as part of the social economy they might not feel comfortable being called social enterprises as it sounds too much like business and profit-making. This can also pose problems to actors of the social economy when cooperating or even merging. An additional challenge is the different meanings of the term social economy in different Member States. Social enterprises in France are different from the ones in Italy, for example, where enterprises with the legal form of shareholder-ownership can be included.

Nevertheless, several elements of EU legislation pose similar **obstacles** to all enterprises with an economic activity that is not geared towards maximum profit-making. Therefore, a **broad definition** is necessary to create political pressure for the full recognition of the social economy.

### Definitions

#### EU level

*European Economic and Social Committee (EESC):* The set of private, formally-organised enterprises, with autonomy of decision and freedom of membership, created to meet their members' needs through the market by producing goods and providing services, insurance and finance, where decision-making

and any distribution of profits or surpluses among the members are not directly linked to the capital or fees contributed by each member, each of whom has one vote, or at all events take place through democratic and participatory decision-making processes. The social economy also includes private, formally organised organisations with autonomy of decision and freedom of membership that produce non-market services for households and whose surpluses, if any, cannot be appropriated by the economic agents that create, control or finance them.<sup>16</sup>

*European Commission:* Social enterprises seek to serve the community's interest (social, societal, environmental objectives) rather than profit maximisation. They often have an innovative nature, through the goods or services they offer, and through the organisation or production methods they use. They often employ society's most fragile members (socially excluded persons). They thus contribute to social cohesion, employment and the reduction of inequalities.<sup>17</sup>

*European Parliament*<sup>18</sup>: Social enterprise means an undertaking, regardless of its legal form, which:

- has the achievement of measurable, positive social impacts as a primary objective in accordance with its articles of association, statutes or any other statutory document establishing the business, where the undertaking:
- provides services or goods to vulnerable, marginalised, disadvantaged or excluded persons, and/or

<sup>16</sup> <http://www.eesc.europa.eu/resources/docs/executive-summary-of-study-of-the-social-economy-in-the-european-union-en.pdf>

<sup>17</sup> [http://ec.europa.eu/internal\\_market/social\\_business/index\\_en.htm](http://ec.europa.eu/internal_market/social_business/index_en.htm)

<sup>18</sup> <http://www.europarl.europa.eu/oeil/popups/printsummary.pd?id=1226905&l=en&t=E>

- provides goods or services through a method of production, which embodies its social objective;
- uses its profits first and foremost to achieve its primary objectives instead of distributing profits, and has in place predefined procedures and rules for any circumstances in which profits are distributed to shareholders and owners, which ensure that any such distribution of profits does not undermine its primary objectives;
- is managed in an accountable and transparent way, in particular by involving workers, customers and/or stakeholders affected by its business activities.

At Member State level the recognition of the concept social economy is very diverse and there are different definitions with common strands. Examples from different Member States are given below.

### Austria

There is no official definition in Austria. Social economy refers to organisations, services, facilities or other businesses that have a social purpose. Their goal is to promote and enable the wellbeing of individuals and society with the help of their services.

Social economy means a specific way and manner of how this work is done.

The founding principle of social economy is solidarity.

Economic activity in the social economy is understood as a process:

people and community centred; not-for-profit but needs-oriented; collective and democratic.

Source: Wendt, Wolf Rainer 2003, Volkshilfe Austria

### Germany

In Germany, the concept of the social economy is little known and still in the early stages. The related terms non-profit sector, voluntary sector and non-governmental organisations sector enjoy a greater level of relative recognition. Although a broad variety of actors such as cooperatives, mutual insurers, associations and foundations exists, their attribution to the social economy as a concept is not common yet. The term social economy describes the part of an economic system, which essentially deals with services for the benefit of society. The focus is on social problems, particularly in the provision of social services for and with people. The tangible objective of the social economy is the direct production of individual and community welfare. Thus, the socio-economic action has economic, social and non-economic aspects. This action, its organisation and functions are the subject of social economics.

Source: AWO Germany

### Italy

The not-for-profit sector is also referred to as the "social economy" which has a French origin and identifies, with a broader meaning, the whole world of non-profit, voluntary work in associations and cooperatives. The term non-profit was recently given a more structural/operational definition which is more useful for the purpose of identifying the economic and social dimensions of the sector. Characteristics are:

- formal constitution
- democratic structure
- private legal nature
- self-governing
- no distribution of profits to shareholders and executives
- voluntary membership and use of a certain amount of free labour force

They can have the following forms of organisational structure: social cooperatives, associations, foundations, committees.

Sources:

<http://www.pour-tous.eu/it/cose.html>

<http://www.normattiva.it/uri-es/N2Ls?urn:nir:stato:decreto.legislativo:2006;155>

## Spain

Law 5/2011 of 29 March 2011 on Social Economy currently defines the Spanish social economy. It is undoubtedly a turning point in the acknowledgement, visibility and development of the sector, within the State and the European Union.

The text of the Law defines the social economy as the set of economic and business activities carried out by institutions in the private sector, which pursue a general economic or social interest, or both, and in accordance with the following principles:

- Giving priority to people and the social objective over capital. This is established by means of an autonomous, transparent, democratic and participatory management that prioritises decision-making by people and their contribution to the work and services carried out for the institution or its social objective over their contribution to share capital.
- Turnover obtained from economic activity is mainly calculated according to the work contributed and the service or activity carried out by the institution's partners or members to further the institution's social objective.
- Encouraging internal solidarity and social solidarity that favours a commitment to local development, equal opportunities for men and women, social cohesion, the integration of persons at risk of social exclusion, generating stable and quality employment, reconciliation of personal and professional life and sustainability.
- Independence from the public authorities.

Similarly, as established by the Law, the following institutions are a part of the diverse business fabric that we call the social economy: Cooperatives (based on a democratic structure and operation, voluntary and open adhesion of members, democratic management, economic participation of members, education, training and information, and an interest in the community), worker-owned societies (the majority of the capital is shared by employees/workers), mutual benefit societies (made up of individuals, non-profit nature, democratic structure and management system, they provide voluntary insurance as a complement to the social security system), social employment centres (minimum 70% of staff are people with disabilities), insertion companies (staff must consist of 30 to 60% of insertion employees), disability associations (provide services where the profit-making sector fails to do so, particularly with regard to vulnerable groups), foundations (dedicated to a general interest objective in the long term, by the will of their creators).

Source: MPDL, Spain

## Sweden

The social economy is recognised as organised activities with a primarily societal justification, founded on democratic values and organised independently from the public sector. These social and economic activities are mainly carried out in associations, cooperatives, foundations and others alike. Activities within the social economy are based on public benefits or members' benefits and its general feature is that they are not driven by profit.

Source: ABF, Sweden

## UK

In the UK, the social economy is a concept embracing social enterprises, charities, charitable trusts and foundations, cooperatives and mutuals. The concept itself is not central in government policies and debates but there is growing interest in social enterprises, the social investment market and social impact bonds. Thus, attempts to define what the social economy is are quite limited in the UK compared to other EU countries. On the contrary we can find clear definitions of what a social enterprise is. For the main UK social enterprises network, the criteria are: a clear social and/or environmental mission set out in their governing documents, generate the majority of their income through trade, reinvest the majority of their profits, be autonomous of state, be majority controlled in the interests of the social mission, and be accountable and transparent. According to this definition, a social enterprise is not a charity organisation even though they are part of the social economy.

Source: CSV, UK



## Characteristics and differentiations of social economy actors

Social economy actors share a set of **features** and traits that on the one hand unite them under one concept and on the other hand distinguish them from “normal business”.

First of all, their business model is geared towards the attainment of **common, social or sustainable objectives**, realised through business means. The social/sustainable objective is their core focus, not financial profit, which is just a means to the wider end.

Secondly, they are based on **values** and a **democratic control** by their members (except for foundations which don't have a membership system) in the interest of a social mission. Social economy enterprises often work in a spirit of solidarity, openness and responsibility, offering high quality working conditions while often involving **volunteers and civil society** and therefore encouraging active citizenship.

Thirdly, **membership** is voluntarily, inclusive and open.

Fourth, the interests of their members and clients/users go hand in hand with the **general interests of society** and therefore rank higher than any individual interests.

Fifth, if social economy actors do produce surpluses they are reinvested in the development of their activities to the benefit of society at large, they don't distribute dividends. Additionally, their role as developers of **innovative social projects** and ideas must not be underestimated as they are constantly seeking new approaches and solutions to social and societal challenges.

Last but not least, social economy business models aim to provide and promote **decent work and quality employment** (within national legal frameworks) and offer opportunities for career guidance and development. This has to be part of the campaign to promote the attractiveness of the sector.

## Our guiding principles and values

Social economy is an essential pillar of the European social model and its actors play an important role in maintaining social services and in overcoming economic and social crises.

They account for 10-12% of the European economy and are an important **economic factor** which points at existing deficiencies and an inconvenient truth and develops **innovative approaches** to tackle them. They are reliable partners who offer qualitative innovative solutions adapted to changing challenges.

By their nature and the work they perform, they contribute to establishing a more **cohesive, democratic and active society** and often offer favourable working conditions. As they are geared towards the provision of **high quality services**, they are more likely to have experienced and qualified staff which can provide individual and continuous service for people with multiple needs.

Social economy actors bear **social responsibilities** and are in command of expert knowledge, intelligence, innovation and creativity in important future fields. They are close to the people and aware of their needs, worries and hopes.

Social economy actors involve **volunteers** in various sectors – including young people at the beginning of their career gaining their first experience and bringing their enthusiasm and new skills, as well as elderly people, with vast experience and well-developed skills but who often face problems being accepted on the jobs market. They thus contribute to solidarity and social cohesion, generate savings in social benefit expenses and give many people a real perspective and meaning in life. However, SOLIDAR strongly rejects the concept of free internships and practices that lead to the replacement of employees with interns as a ‘cheap’ labour force.

Social economy actors do **not avoid remote and scarcely habited regions** like for-profit service providers and thereby make an invaluable contribution to social inclusion.

Although they often perform services on behalf of the public sector they are **committed to their services and clients and the general interest**. As they do not distribute dividends they can (re)invest in the improvement of service quality and innovation or the increase of service supply and the provision of more affordable services.

The social economy strengthens **social cohesion** in our society, counteracts social exclusion and poverty and thus contributes to a peaceful and safe environment.

## THE CHOICE: FOR-PROFIT SOCIAL BUSINESS OR NOT-FOR-PROFIT AND VALUE BASED

**Since the introduction of the EU internal market, social economy actors are striving to find their position: not-for-profit and value based or rather commercial profit-making enterprises?**

For social economy actors, the bottom line is to **maximise their social impact** rather than their profit, usually by addressing an urgent need that is being mishandled, over-looked or ignored by other institutions. For business entrepreneurs, the bottom line may be to maximise profits or shareholder wealth, or to build an ongoing, respected entity that provides value to customers and meaningful work to employees. We cannot agree with some researchers who argue that there is little use in making a distinction between these two models and that all entrepreneurs should be considered social entrepreneurs because they generate employment and meet needs.

Social economy actors are confronted with changes in the environment they are operating in. Markets are becoming more and more globalised and characterised by competition, decentralisation and relocation of production. Governments orientate towards progressive deregulation and privatisation of public services. **Commercialisation** in the social sector is increasing, for example in refugee work, care or the integration of the long term unemployed which leads to a market structure where private service providers offer low-cost services and risking the level of quality. These providers abstain from remote regions and cherry-pick the most profitable services with a short term approach and attach no importance to volunteering and honorary office. This leads to an erosion of civil society engagement. In addition, conceivable developments such as an ageing society, increased migration etc. do not only offer growth possibilities but also pose obstacles to social economy actors.

Providers of social services experience changes to the financial framework and

increasing uncertainty in planning due to short term contracts at national level. Furthermore, the pressure to document and justify their work is increasing.

The social business initiative and the European Commission's current focus on **social innovation** – which is a broad term that can be used by nearly all business actors – have exacerbated the problem of defining the core of the social economy. We can see a clear split between market drivers that present themselves as modern and innovative, seeking to open the sector to private capital investment and profit-making on one side, and, on the other side, networks like SOLIDAR who have a **long tradition in the social economy**, representing the most relevant and innovative actors in the sector.

Corporate undertakings between public authorities and private enterprises in the form of **public-private partnerships** (PPP) can develop effective ways to provide services to the public and to finance innovation and thereby contribute to economic growth and job creation. For SOLIDAR members the partnership approach in this kind of business model is of utmost importance as well as striving towards common, social or sustainable objectives. Public authorities must safeguard a high level of quality of the services provided and decent working conditions in the sector.

The necessity of combining efficient processes and social welfare objectives in our daily business does not overshadow our approach which is **value driven, inclusive and participatory**, and possible profits are reinvested in programmes and services and in their quality. We advocate on behalf of our clients who cannot voice their concerns to decision makers. Our “profit” is the satisfaction of elementary needs and a contribution to social cohesion.

## THE SOCIAL ECONOMY AS CIVIL SOCIETY'S ANSWER TO OUR DEMANDS FOR AN INCLUSIVE SOCIETY

**Social service providers contribute to social inclusion and social cohesion, especially in times of economic and social crises.**

Social economy actors are a pillar of our **democratic** society and the European social model. They enhance the quality of living together, ensuring the peaceful environment of our social system and improve the lives of many people.

At times of growing social disparities, with an increasing number of people excluded from society and the debate about the fair distribution of public means, the provision of qualitative, comprehensive and affordable social services becomes increasingly challenging.

Social economy actors can provide these services based on an **alternative economic model** without seeking solely to maximise profits and reduce costs at any price. Social economy actors stand for a **sustainable, inclusive and democratic** alternative "business model". Through their involvement of volunteers they contribute to the development of competences in non-formal

and informal learning over a life-span.

As social economy actors are directly involved in the daily lives of people and therefore are the first ones to experience their needs, they develop their services from a **bottom-up approach**. The needs of the individual are the incentive for their services rather than developing a new tool and implementing it in a top-down-approach.

Their economic activity concentrates on the satisfaction of elementary needs, values individual and collective skills, competences and knowledge and often springs from local dynamics and needs.

**Consumer protection** and sustainable investment in social services and infrastructures represent the very basis of their activity.

Therefore, social service providers deserve particular political attention and support.

SOLIDAR members anticipate socio-economic challenges through a social economy approach and thereby create an added value. Examples of this added value can be found in the case studies hereunder.

### Case study: Volkshilfe Austria

**Spacelab** is an opportunity for young people not in education, employment or training (NEETs), who have only completed compulsory school or have no qualifications at all, who have little or no working experience, who do not have any clear job prospects, who have multiple problems or receive the means tested minimum income. Spacelab works using community social work methods and pro-active social work, which means that young people are reached in places they usually frequent such as parks, youth centres, etc. The participants can attend vocational training in various fields. The project is based on training workshops on ecological gardening, green space, creativity and media on a temporary basis. Participants also get counselling and information on their future possibilities.

### How this innovative service contributes to active inclusion

#### *Easy access approach for a very sensitive group*

This innovative project offers training and the learning of social skills for a very sensitive group. Young people who have problems in finding a job after school and are not in education or training (NEETs) are at high risk of poverty. Project design and pro-active social work helps to educate them, to qualify them for a potential job and teach them social skills while at the same time producing services and goods of common interest.

#### **Find more:**

[www.spacelab.cc](http://www.spacelab.cc)

## **Case study: Arbeiter-Samariter-Bund Austria (SAMARITAN AUSTRIA)**

### **Internet café for former homeless people to contribute to empowerment and active inclusion**

The internet café 'Zwischenschritt' is a meeting point for former homeless people. Internet use is free and there is no obligation to buy. Computer courses and support in using the internet, searching for jobs and counselling are among the services available. The services offered in the café are provided by a core team of former homeless persons supported by social workers.

This project by the Viennese Samaritan branch is innovative because it contributes to the goal of internet access for everybody. Nowadays a lot of services and important information are provided through the internet. To know how to use the internet as a source of information and to be familiar with computer services like e-mail is an important skill and helps to meet modern social requirements. The internet café also follows the concept of peer learning. A lot of services are provided by trained former homeless people who have experienced the situation of the internet café visitors themselves. Thus the internet café follows a low-threshold strategy to attract the target group. Social workers support their peers and counsel them or the visitors if required.

The café also works as a transition service for clients moving from a facility for homeless people to a flat of their own. Being removed from a familiar social environment that provides important facilities (roommates and neighbours, social workers etc.) often causes problems and feelings of loneliness for clients. The internet café also provides the possibility to meet other people, get help with looking for a job or asking for support from social workers if needed. The internet café opened in 2013 and gets financial support from the city of Vienna.

### **How this innovative service contributes to active inclusion**

#### *Empowering former homeless people*

By providing internet services and a meeting point, the café contributes to improving technical and social skills, contact and independence. It contributes therefore to the personal empowerment of its visitors and gives them opportunities to actively participate in society. It also offers sustainable prevention from falling back into homelessness or loneliness.

#### *Providing access to the internet and knowledge about using computers*

Access to the internet and knowledge about computer services open up a lot of important opportunities in life. In everyday life and on the labour market these skills are very helpful and offer a person new perspectives and access to important information.

### **Find more:**

<http://www.samariterbund.net/soziales/wohnungslosenhilfe/internetcafe/>

## **Case study: Movimiento por la paz, Spain (MPDL)**

### **School for Peace to promote active inclusion**

The School for Peace is an open space for education carried out by MPDL<sup>1</sup>. The initiative seeks to provide children and young people living in El Pozo - Entrevías (one of most deprived districts of Madrid) with alternatives for their non-formal skills development. The educational approach of the School for Peace is focused on the development of the intellectual and moral faculties of the participants, to reach the following objectives: combat early school leaving; promote, support and ensure school attendance; offer resources that serve to encourage access to the existing educational levels; provide skills needed, both personal and social; peaceful co-existence, health and the ability to meet the challenges of adult life in the best possible conditions.

Different activities are designed to provide spaces of cooperation and communication where participants can share all kinds of experiences: study skills workshops, labour and educational guidance, educational resources and information sessions etc. There are also actions to promote the involvement of a child in the educational community and the acquisition of curricular expectations, facilitate grants and school and business partnerships, training in the culture of peace, artistic, sports and environmental disciplines, trips and cultural excursions, European and national exchanges...

All experiences are put into practice through an emotional partnership methodology, which takes into account the affective and social dimension of the human being and is based on the premise of learning by doing through three major milestones: Feeling, thinking and acting.

### **How this innovative service contributes to active inclusion**

#### *Offering real alternatives for active participation*

The *School for Peace* is a space for education, awareness-raising, training, exchange; coexistence and motivation that prevent early school leaving, provide alternatives for citizenship participation and improve the curricular development of participants.

#### *Creating new forms of relationship with funders*

Funding for the project is established in an agreement between the MPDL and a private company, and is based on the active involvement and a direct and horizontal relationship that promotes the involvement and participation of the stakeholders.

#### **Find more:**

<http://escueladepaz.mpd.org/>

## OUR DEMANDS FOR STRENGTHENING THE SOCIAL ECONOMY AT EU LEVEL

**The potential of the social economy must be fully recognised by political decision-makers at EU level. We need a level playing field and have to raise more awareness of the social economy sector and create conditions under which the economy serves society and the common interest instead of undermining it.**

We demand the **comprehensive and structured inclusion of civil society and especially social economy actors** in the decision-making process at EU level according to the code of conduct for public participation in decision-making processes of the conference of INGO's (International Non-Governmental Organisations) of the Council of Europe<sup>19</sup>. A good example of the comprehensive inclusion of civil society actors is the Voluntary Quality Framework on SSGI by the Social Protection Committee.<sup>20</sup>

In addition, SOLIDAR welcomes the application of the **Partnership Principle** within EU structural funds with regards to programming, implementation, utilisation and accessibility and will actively monitor its application throughout the EU.

However, several European Member States lack strong employers' organisations in the social economy sector, especially regarding the not-for-profit social services sector.

Even where there is a tradition of **social dialogue**, in some Member States social service partners are not recognised in the national social dialogue process. This affects their capacity to take part in effective collective bargaining negotiations and reflects the lack of recognition of the social services sector in the overall economy. SOLIDAR supports the idea of developing social dialogue both at national and European level in the social economy sector in order to tackle the issues of poor working conditions, problems with the shortage and retention of staff and the lack of training opportunities. We call on the European institution to support further research to understand how social dialogue is organised across Europe, to identify models of good practice and to understand the full economic and social contribution of the sector.

As social economy actors in the field of social service provision follow their own logic and rules and give priority to the empowerment of people instead of economic interests, they should be valued in terms of the **social added value** they produce. A cross-sector approach to this added value through all relevant legal matters is what we are aiming for. A **clear distinction between not-for-profit and for-profit** enterprises should be made in national and EU legislation.

We demand **clear and stringent regulatory parameters** at EU and national level for the provision of social services that incorporate legally binding social and ecological criteria. These criteria need to be turned into obligatory indicators in public procurement when implementing the public procurement directive in national law. Accordingly, European state aid rules also need clarification and further definition.

We argue for the **full statistical recognition** of social economy actors and their productivity by national statistical offices, Eurostat and the SME Performance Review.<sup>21</sup> Only a separate record of the sector's contribution safeguards an adequate valuation justified by its action. Research done at the Center for Civil Society Studies at the Johns Hopkins University<sup>22</sup> can be a valuable source for this measurement.

Within the EU 2020 strategy and the framework of the European Semester we demand a **comprehensive monitoring process** of social developments by means of the **social scoreboard** which needs to be the basis for concrete and legally binding indications for the Member States within the country specific recommendations.

We call on the EC to further encourage and improve the **Open Method of Coordination** (OMC) as the legal and institutional framework in the Member States which is crucial for the successful establishment and development of a social economy structure. By sharing best practices regarding legal reforms, networks, communication, tax policy, research, statistics etc, the OMC is an important and very helpful

<sup>19</sup> [http://www.coe.int/t/ngo/default\\_en.asp](http://www.coe.int/t/ngo/default_en.asp)

<sup>20</sup> The framework can be found here:  
[http://ec.europa.eu/services\\_general\\_interest/docs/comm\\_quality\\_framework\\_en.pdf](http://ec.europa.eu/services_general_interest/docs/comm_quality_framework_en.pdf)

<sup>21</sup> [http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm)

<sup>22</sup> <http://ccss.jhu.edu/>



tool to assess and improve the current situation with very different conditions for social economy actors at Member States level. As social economy actors are active at local and regional level, the full integration of regional actors is necessary to harvest the most valuable expertise. Social economy actors must be comprehensively involved in this process.

Furthermore, we call on the EC to step up its efforts to simplify the statute for a European Cooperative Society (SCE) and to further develop a **European statute for associations** to complement existing legal statutes at Member States' level and emphasise the importance of activities carried out by volunteers in various sectors of the social economy. There also needs to be a focus on the streamlining of the social economy in all EU funds while keeping the bureaucratic effort manageable.

The **financial framework** of our social work has to be redesigned according to the principles of community and social cohesion. Social economy actors need a stable and secure financial base to enable them to deliver high quality services continuously and not to bow out of remote and scarcely habited regions like for-profit service providers, thereby making an invaluable contribution to social inclusion. The growing orientation of financing policies towards competition needs to be replaced by cooperative financing. We welcome the creation of the **European Social Entrepreneurship Funds** which gives capital-intensive initiatives a new way of financing.

We support the creation of a **quality framework** following the principles laid down in this paper (with regard to further strengthening the position of employees and users of social economy services) which could be similar to the Voluntary Quality Framework on SSGI<sup>23</sup> by the Social Protection Committee adopted in 2010. Such a quality framework needs to be applied at all levels.

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<sup>23</sup>[http://ec.europa.eu/services\\_general\\_interest/docs/comm\\_quality\\_framework\\_en.pdf](http://ec.europa.eu/services_general_interest/docs/comm_quality_framework_en.pdf)

# **solidar**

SOLIDAR is a European network of 60 NGOs working to advance social justice in Europe and worldwide. SOLIDAR voices the concerns of its member organisations to the EU and international institutions across the policy sectors social affairs, international cooperation and lifelong learning.

Rue du Commerce | Handelsstraat 22  
B-1000 Brussels - Belgium

T +32 (0)2 500 10 20  
F +32 (0)2 500 10 30  
mailto: [solidar@solidar.org](mailto:solidar@solidar.org)

[www.solidar.org](http://www.solidar.org)

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