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| **OPINION** |
| European Economic and Social Committee |
| **Social Economy/Combatting poverty and social exclusion** |
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| Combatting poverty and social exclusion: harnessing the power of the social economy and socio-economic innovations(exploratory opinion) |
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| **INT/1044** |
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| Rapporteur: **Alain COHEUR** |
| Co-rapporteur: **Ferre WYCKMANS** |

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| Legal basis | Article 304 of the Treaty on the Functioning of the European Union |
| Section responsible | Section for the Single Market, Production and Consumption |
| Adopted in section | 20/12/2023 |
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| Outcome of vote(for/against/abstentions) | 227/0/1 |

# **Conclusions and recommendations**

## The fight against poverty and social exclusion must take into account the numerous dimensions of the concept of poverty that affect access to employment, education, healthcare, housing, food, mobility, digital tools, energy and culture, among other things. A cross-cutting approach to poverty is therefore essential in order to ensure social inclusion. Even though all economic actors are involved in the fight against poverty, it is up to the state to exercise its full responsibility in this area. The social economy contributes to this fight in an organic and cross-cutting way, through its diverse activities and social orientation.

## In order to harness the full economic, industrial and societal potential of the social economy and to foster the social inclusion of all people, the EESC calls on the European Commission to push forward with its action plan for the social economy, to evaluate it in 2025 in order to feed into a new action plan, to actively support the implementation of the recommendation by the Member States and to explicitly integrate the social economy and social innovation policy into the next Commission work programme.

## The EESC advocates a strong local approach that includes regions and municipalities by bringing together multiple stakeholders in policies for deploying the social economy. Under the impetus of public authorities it is possible to promote local development, the relocalisation of production tools, the creation of decent jobs that cannot be relocated, to encourage collaboration between economic actors (pooling tools and sharing best practices) and to create a stimulating ecosystem where associations, cooperatives, mutual societies, traditional businesses, investors in the banking sector, civil society, social partners and academia, among others, can come together.

## The EESC calls on the Commission to take a cross-cutting approach, in its social innovation initiatives, bringing together multiple stakeholders from traditional businesses and the social economy, and encompassing environmental and social perspectives.

## The EESC calls on the Commission to include the social economy and social innovation in its initiatives to develop the lines of action set out in its foresight report, in order to increase, first and foremost, the participation of women in the labour market. Increasing this participation is still a challenge for the other vulnerable population groups, including people with disabilities, young people and those from other under‑represented or excluded groups who are not in employment, education or training, or who live in extreme poverty.

## Implementing an ambitious strategy to develop the social economy will create a wide range of jobs (and thus contribute to the fight against poverty) by developing socio-occupational integration schemes or jobs through training, and by supporting project creators aiming to set up micro-enterprises, cooperatives, associations or social enterprises, etc.

## This long-term, joint strategy must have a legal basis and a fiscal framework tailored to the social economy's business model, a dedicated administration and officials trained in the social economy, and other specific tools.

# **General comments**

## **Background**

### With this opinion the EESC is acting on a request from the Belgian Presidency of the Council of the EU concerning the fight against poverty and social exclusion, by exploring the strengths of the social economy and socio-economic innovations in this regard.

### This request for an opinion comes against a backdrop marked by complex societal challenges that can only be addressed by mobilising all society's relevant resources, where the social economy and civil society play crucial roles as catalysts for social innovation.

### The fight against poverty concerns all players in our society. Even though the activities of social economy organisations are not limited to social action, many provide essential services related to extreme (and increasingly frequent) situations, such as homelessness (through accommodation and frontline services) and extreme poverty (through food aid). They also provide job opportunities to those far removed from the labour market, thus promoting inclusion and advocating for policies that address the structural causes of poverty.

### Since 2014, Eurostat data[[1]](#footnote-1) has shown a decrease in the number of people experiencing at least one of the following three poverty and social exclusion risks: risk of poverty, severe material and social deprivation, and/or living in a household with very low work intensity. However, in 2022, 95.3 million people in the EU (22% of the population; or 1 in 5 people) were living in poverty – an abnormally high amount for a prosperous Europe.

### The EESC notes that in March 2021, the European Commission included an overarching goal in its European Pillar of Social Rights Action Plan: to reduce the number of people living in poverty by at least 15 million people by 2030[[2]](#footnote-2).

### The fight against poverty and social exclusion must take into account the multiple dimensions of poverty. Poverty is not limited to one single factor. It affects various aspects, including access to employment, education, healthcare, housing, food, mobility, digital tools, energy and culture, among others. A cross-cutting approach to poverty is therefore essential to ensure the social inclusion of all people.

### The cumulative effect of different forms of poverty is compounded by the disparity in the levels of vulnerability of certain groups of the population. Data published by Eurostat in June 2023[[3]](#footnote-3) shows that women, young adults, people with low levels of education, those who are unemployed and the working poor[[4]](#footnote-4) are, on average, more likely to be at risk of poverty or social exclusion. Poverty also particularly affects preschool children, single-parent families, victims of discrimination (disability, race, gender) and older people.

### In its March 2021 action plan to implement the European Pillar of Social Rights, the Commission identified the social economy as an opportunity to create jobs and stressed that major societal challenges in a wide range of sectors can often be addressed through social innovation. For the Commission, the social economy offers significant untapped economic potential and is of particular interest as it creates both social and economic value.

### The proposal for a directive published on 5 September 2023, which aims to facilitate cross-border activities for non-profit organisations[[5]](#footnote-5), is also an important step in the fight against poverty and social exclusion, since non-profits are often active in these fields. This directive will promote associations and help them to fully enjoy the rights of the single market, strengthen integration, and help EU citizens to fully exercise their fundamental freedoms.

## **The social economy and its societal values**

### The values of participatory and democratic governance within social economy organisations also help to empower those who find work in the social economy. This active participation can also encourage them to become more involved in their community, promote their social inclusion, and thus enable them to fully play their role as citizens and contribute to the well-being of the population. By focusing on prevention and early action, the social economy can prevent certain population groups from slipping into precarious situations.

## **International momentum**

### The Council's recent recommendation[[6]](#footnote-6) represents a significant new step in the international development of the social economy, which has been ongoing since the launch of the social economy action plan. It reflects the International Labour Organization's Resolution concerning decent work and the social and solidarity economy (June 2022)[[7]](#footnote-7), the OECD Recommendation on the social and solidarity economy and social innovation (June 2022)[[8]](#footnote-8), and the UN Resolution on promoting the social and solidarity economy for sustainable development (April 2023)[[9]](#footnote-9).

### In this context, it is very important for the EU to prioritise developing essential conditions for promoting the social economy among the 27 Member States and deploying it across the board. The social economy plays a crucial role in access to employment, including for vulnerable groups far removed from the labour market, and also covers a wide spectrum of economic and industrial activities (energy, food, healthcare, education, culture, production, resale and reuse shops, etc.). It is therefore at the forefront of ensuring a fair, sustainable and inclusive transition.

### This cross-cutting nature is also reflected in the recommendation's systemic and holistic approach, as it links it to various key strategic policies and guidelines, such as the Green Deal, the Union of Equality, the care strategy, the rights of the child, the reinforced Youth Guarantee and the "proximity and social economy ecosystem" transition pathway, among others.

### In order to unleash the full economic, industrial and societal potential of the social economy and to foster the social inclusion of all people, the EESC calls on the European Commission to push forward with its action plan for the social economy, to evaluate it in 2025, to draw up a new action plan for the social economy and to actively support the implementation of the recommendation by the Member States.

## **The social economy as a catalyst for social innovation**

### In this current multi-crisis context, societal challenges can only be addressed by mobilising all society's resources with a multi-level, cross-sectoral approach. This approach is recognised as social innovation, which is defined in the recommendation as "an activity, that is social both as to its ends and its means and in particular an activity which relates to the development and implementation of new ideas concerning products, services, practices and models, that simultaneously meets social needs and creates new social relationships or collaborations between public, civil society or private organisations, thereby benefiting society and boosting its capacity to act". The recommendation explains that social innovation is often driven by the social economy.

### At the core of social innovation is prevention and early intervention, with a long-term approach rather than a focus on short-term gains. This approach is often referred to as social innovation. Social investment is closely linked to the just transition and aligned with the European Pillar of Social Rights. By focusing on proactive measures we create more resilient societies and reduce social costs in the long term, while promoting sustainable and inclusive growth. The social economy can be a key driver of the transitions as it brings a unique set of assets to social investment, stimulating innovation to address social challenges in areas where other sectors face constraints.

### Social innovation is driven by the need to respond to unmet social needs, and is also a response to the need to address societal challenges and bring about social and economic change. Social innovation concerns all sectors of society, the social economy, civil society and a multitude of non-state actors and public authorities at all levels of government. The EESC calls on the Commission to take a cross-cutting approach, in its social innovation initiatives, bringing together multiple stakeholders from traditional businesses and the social economy, and encompassing environmental and social perspectives.

### The EESC calls on the Commission and the Member States to ensure that key instruments such as public procurement, structural funds and social services of general interest are used to support social innovation.

# **Specific comments**

## **Local and regional level**

### The Council's recent recommendation mentions introducing social economy ambassadors at local or regional level in the Member States to promote the ecosystem and facilitate access to EU or national funding or provide peer support. We must therefore breathe new life into communities and local development. Local projects have a positive impact on job creation, on the reintegration of excluded people and on the distribution of services to citizens. They can therefore help to reverse poverty cycles. In its opinion INT/1037, the EESC stresses the importance of the local level[[10]](#footnote-10).

### Many social economy initiatives are deeply rooted in their local community. This connection fosters short value chains that facilitate local production and consumption, thus contributing to the green transition (short food chains and local energy production). The EESC therefore proposes a strong local approach that includes regions and municipalities and brings together multiple stakeholders in policies aimed at deploying the social economy. Under the impetus of public authorities it is possible to promote local development, the relocalisation of production tools, the creation of decent jobs that cannot be relocated, to encourage collaboration between economic actors (pooling tools and sharing best practices) and to create a stimulating ecosystem where associations, cooperatives, for-profit enterprises, investors in the banking sector, civil society, social partners, mutual societies and academia, among others, can come together. Social economy organisations strengthen a high-performing economy that complements the actions of traditional businesses. They do not compete with each other but complement each other in non-profit market segments. They support, for example, those living in extreme poverty who would not otherwise be taken into account.

## **Collaboration strategies**

### To successfully implement these policies for deploying the social economy and social innovation, it is vital to adopt a 10-year vision in order to determine a strategy based on priority areas and reliable statistics. This strategy, which must be built jointly, must be based on:

## a legal basis and a fiscal framework tailored to the social economy's business model;

## a dedicated administration and officials trained in the social economy (in its specific characteristics and values);

## tools dedicated to creating social economy enterprises:

## incubators;

## advisory agencies;

## financial support;

## education and training pathways, including in management;

## budgetary means to organise the social economy ecosystem and increase its visibility;

* + calls for projects, cooperative scholarships, etc.

### Because of its cross-cutting nature, the social economy must be recognised in its diversity as an economic and entrepreneurial model that can be applied to numerous sectors (inclusion, community-based services, food, short value chains, housing, reuse, energy, culture, mobility, banking, insurance, health, etc.). This means that an administration dedicated to the social economy must be able to work in close cooperation with other administrative entities dealing with sector-specific areas of competence in order to ensure a level playing field for the social economy compared to other business models. The EESC recommends:

##### creating social economy steering spaces at different subnational levels;

##### creating a coordination committee at regional level, bringing together the different administrations involved and the stakeholders in the regional ecosystem;

##### that municipal councillors be part of a social economy association at city level to promote the involvement of local elected representatives. Creating such an association could be mandatory in cities with more than 100 000 inhabitants where small municipalities are grouped together to form communities, with possible regional support;

##### the development of specific national programmes for social innovation and better links between different policy areas to promote jointly designing and producing social outcomes.

### In its latest Strategic Foresight Report published in July 2023[[11]](#footnote-11), the Commission stated that "the EU should continue to encourage Member States to develop inclusive, high-quality social services that enhance people's capacity to contribute to the economy and society while realising their potential and aspirations". This means updating social protection policies using a sustainable lifelong social investment approach, supporting labour market participation as well as inclusiveness, further adapting social protection to non-standard forms of employment, and an approach that promotes active inclusion in the labour market.

###  The EESC therefore calls on the Commission to include the social economy among the initiatives it will carry out in connection with developing the lines of action set out in its foresight report, in order to, inter alia, increase the participation of all population groups in the labour market, including women, people with disabilities, young people and those from other under-represented or excluded groups who are not in employment, education or training, or who live in extreme poverty.

### Implementing an ambitious strategy to develop the social economy will create a wide range of jobs by developing socio-occupational integration schemes or jobs through training, and by supporting project creators aiming to set up micro-enterprises, cooperatives, associations or social enterprises, among others. The innovative "zero long-term unemployment zones" projects set up in various Member States (France, Belgium, the Netherlands and Austria) are another example of initiatives that create decent jobs that benefit the areas in which they are developed. The EESC encourages the Commission to support the creation and development of such initiatives, for instance by sharing and promoting best practices, for example through the new Social Economy Gateway platform[[12]](#footnote-12).

## **Resilience, finances and evaluation tools**

### A strong, ambitious strategy to deploy the social economy depends on access to financial resources. In its recommendation, the EU recognises that the Member States, including local and regional authorities, could make better use of the various EU funding opportunities by drawing on specific measures for the social economy, in particular the cohesion and resilience funds[[13]](#footnote-13).

### This strategy should include evaluation and monitoring tools designed to cater for its specific characteristics in order to foster agility, adaptability and resilience to best meet the needs of its stakeholders. Social economy entities are known for their resilience. In its 2020 Strategic Foresight Report *Charting the course towards a more resilient Europe*, the Commission notes that collaborative and non-profit organisations had strengthened their social and economic resilience during the COVID-19 health crisis[[14]](#footnote-14). In this way, they aim to strengthen a high-performing economy that complements the activities of traditional businesses. They do not compete with them – they cover unprofitable market segments. They serve, for example, to support those living in extreme poverty who would not otherwise be taken into account.

Brussels, 17 January 2024

Oliver RÖPKE
The president of the European Economic and Social Committee

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1. [*People at risk of poverty or social exclusion in 2022*, Eurostat News, Eurostat (europa.eu)](https://ec.europa.eu/eurostat/en/web/products-eurostat-news/w/ddn-20230614-1). [↑](#footnote-ref-1)
2. [European Pillar of Social Rights Action Plan (europa.eu)](https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/index.html#chapter5). [↑](#footnote-ref-2)
3. [Living conditions in Europe – poverty and social exclusion – Statistics Explained (europa.eu)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_in_Europe_-_poverty_and_social_exclusion#Key_findings). [↑](#footnote-ref-3)
4. [Report by Olivier De Schutter, special rapporteur on extreme poverty and human rights – The working poor: a human rights approach to wages](https://documents-dds-ny.un.org/doc/UNDOC/GEN/G23/071/65/PDF/G2307165.pdf?OpenElement). [↑](#footnote-ref-4)
5. [EUR-Lex – 52023PC0516 – EN – EUR-Lex (europa.eu)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2023:516:FIN). [↑](#footnote-ref-5)
6. [Council recommendation on developing social economy framework conditions – Political agreement, 29.9.2023](https://data.consilium.europa.eu/doc/document/ST-13287-2023-INIT/en/pdf.). [↑](#footnote-ref-6)
7. ILO [Resolution concerning decent work and the social and solidarity economy](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_848633.pdf). [↑](#footnote-ref-7)
8. [OECD Legal instruments](https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0472#mainText). [↑](#footnote-ref-8)
9. [Historic moment for the SSE: At its 66th plenary meeting, the UN General Assembly adopts the resolution *Promoting the Social and Solidarity Economy for Sustainable Development* – UNTFSSE (unsse.org)](https://unsse.org/2023/04/19/historic-moment-for-the-sse-at-its-66th-plenary-meeting-the-un-general-assembly-adopts-the-resolution-promoting-the-social-and-solidarity-economy-for-sustainable-development/?lang=en). [↑](#footnote-ref-9)
10. In its opinion on the [*Social economy package*](https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/social-economy-package) (not yet published in the OJ), the EESC stresses the need to invest in continuously improving cooperation between local and municipal authorities and the public sector and social economy organisations, as many activities organised by social economy organisations are run in local communities. [↑](#footnote-ref-10)
11. [2023 Strategic Foresight Report (europa.eu)](https://eur-lex.europa.eu/legal-content/ENXT/?uri=CELEX%3A52023DC0376). [↑](#footnote-ref-11)
12. [Social Economy Gateway (europa.eu)](https://social-economy-gateway.ec.europa.eu/index_en). [↑](#footnote-ref-12)
13. In its opinion on the [*Social economy package*](https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/social-economy-package) (not yet published in the OJ), the EESC calls for the adoption of socially responsible and innovative solutions in the field of public procurement, with the aim of removing obstacles that make it difficult for social economy enterprises to participate in the market, and recommends introducing criteria that reward the social impact created by social economy enterprises, as well as territorial proximity criteria. [↑](#footnote-ref-13)
14. [2020 Strategic Foresight Report (europa.eu)](https://commission.europa.eu/strategy-and-policy/strategic-planning/strategic-foresight/2020-strategic-foresight-report_en): "Cooperatives, mutual societies, non-profit associations, foundations and social enterprises have helped public services cope with the crisis. They have demonstrated their ability to provide a wide range of products and services across the single market in circumstances where for-profit companies would not have been able to generate adequate returns on capital, thus creating and preserving millions of jobs. They are also a crucial engine for social innovation". [↑](#footnote-ref-14)