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Best practices in public policies regarding the European Social Economy post the economic crisis

EXECUTIVE SUMMARY



European Economic and Social Committee



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General information

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1. Introduction

Since the end of last decade, several institutions of the European Union have called for public policies to boost the social economy at the European, national and regional levels. A major statement has been the Conclusions of the European Council, published on 7 December 2015, on *The promotion of the social economy as a key driver of economic and social development in Europe*. Another former official statement was the ‘Toia Report’¹ approved in 2009 by the European Parliament. The European Economic and Social Committee (EESC) also approved several Opinions to enhance the Social Economy during this period. All these developments reflect that social economy is finding its place as a constituent part and pillar of the European Social model and as a cornerstone of sustainable socio-economic development.

In this context and also in the context of the last crisis, a new generation of public policies for the social economy have emerged during this decade. Several governments at EU, national and regional levels have deployed innovative policies around Europe to boost the development of this socioeconomic sector. Notwithstanding the previously mentioned, it is true that the inclusion into public policies of different types of social enterprises has been a widespread practice for decades. This latter fact has been more visible in sectorial policies such as agricultural and rural development policies, active employment policies aiming at reducing social exclusion and territorial planning policies, urban regeneration and local development policies for instance. All of these policies have associated social economy actors in their implementation.

2. Objectives and method

The present research outlines a diversified selection of successful practices in public policies regarding the Social Economy across different European countries. It focuses on the policies deployed by governments, at the European and national levels, towards the social economy in the period 2010-16. This research is linked to other two studies, one recently carried out by CIRIEC for the EESC, entitled *Recent evolution of the Social Economy in the European Union* (2017)². Another one carried and published by CIRIEC³ entitled *The Emergence of the Social Economy in Public Policy. An International Analysis*.

The conceptual approach to the social economy used is the same as the one for the study *The Social Economy in the European Union* and by the EU institutions, such as the definitions of the European Parliament in the Toia Report (2009): “*The social economy is comprised of cooperatives, mutual societies, associations, foundations and other enterprises and organisations that share the founding characteristics of the social economy*”.

A classification of the *social economy policies* (SEP) is used to present and analyse the diversified public policies implemented. Two large groups of promotional policies of the social economy may be distinguished: on the one hand *soft policies*, those aimed at establishing a favourable environment/ecosystem in which these types of enterprises emerge, operate and develop, and on the other *hard policies*, aimed at the enterprises themselves in their capacity as

¹ European Parliament (2009), *Report on the Social Economy*, A6/0015/2009, Rapporteur Patrizia Toia.

² CIRIEC/EESC (2017): *Recent evolutions of the Social Economy in the European Union*, European Economic and Social Committee, Bruxelles. <http://www.eesc.europa.eu/en/our-work/publications-other-work/publications/recent-evolutions-social-economy-study>

³ CIRIEC/Chaves,R. & Demoustier,D. (ed) (2013): *The Emergence of the Social Economy in Public Policy. An International Analysis*, Peter Lang publishers, Bruxelles.

business units. Depending on the real situation of the reference territory and the degree of development and critical mass of its social economy, the authorities must prioritise some kinds of policies over others.

Classification of Social economy policies: Soft policies aim at creating a favourable environment for the creation and development of social economy enterprises. They may be divided into two groups, institutional policies and cognitive policies. *Hard policies* aim at intervening in the economic process of social economy enterprises with incentives both from the supply side, promoting its economic competitiveness in the different business roles in the value chain, and from the demand side. Thus, improving access of these social enterprises to public markets and international markets. Table 1 hereafter summarises this category of measures.

Table 1. Typology of social economy policies

<i>Soft policies. Policies aimed at creating a favourable ecosystem for enterprises</i>	
Institutional measures	<ul style="list-style-type: none"> - measures aimed at the legal form of the social economy entities, recognising them as a private player - measures aimed at recognising their ability to operate social economy enterprises within the whole economic activity sector, removing any legal obstacle there may be - measures aimed at recognising social economy enterprises as policy makers, interlocutors in the design/construction and in the implementation of public policies - public bodies promoting social economy enterprises
Measures of a cognitive kind	<ul style="list-style-type: none"> - measures to disseminate, increase awareness and knowledge of the social economy by the whole society or/and by target groups - measures to promote training on the social economy - measures to promote research on/into the social economy
<i>Hard policies. Economic policies promoting enterprises</i>	
Supply measures, aimed at improving competitiveness among social economy enterprises	<ul style="list-style-type: none"> - measures focused on businesses functions, such as financing, consultancy/advice, training, employment and human resources management, cooperation and networks, R &D and innovation, quality, new computing and communication technologies, physical space, etc. - these measures distinguished according to the life cycle of the enterprise (creation or stage of development of the business)
Demand measures, aimed at the activity of social economy enterprises	<ul style="list-style-type: none"> - measures aimed at easing access to public markets and foreign markets (such as social clauses and reserved public contracts)

Source: Adapted from Chaves (2010:164).

3. A selection of success cases of social economy policies in Europe

According to the objectives of this study, a selection of 20 success case studies of social economy policies (SEP) deployed in Europe is presented. They are organised following the typology of SEP. The objective is to present very diversified cases in different countries.

Qualitative criteria to identify the ‘best’ practices are used, based on the experience of the own group of experts of CIRIEC, the Members of the EESC, of Social Economy Europe and finally, of the 89 experts interviewed in relation to the other study carried out for the EESC, *Recent evolutions of the Social Economy in the European Union*. Hereafter, summaries of the 20 cases of measures.

Selection of 20 success cases of social economy policies in Europe

A. Soft policies. Policies aimed at creating a favourable ecosystem for enterprises

A.1. Institutional measures

Measures aiming at the legal form as a private player:

Case 1. Law on Social Economy (Romania)

Case 2. Agreement on solidarity company of social utility (France)

Measures aiming at recognising social economy enterprises as policy maker, an interlocutor in the public policies processes:

Case 3. State Committee for the Development of the Social Economy and for Incorporating the social economy into the mainstream public policies at the national and regional levels (Poland)

Case 4. Social Economy Europe (EU), the EU-level representative organisation of the Social Economy

Case 5. Regional economic cooperation clusters (Pôles Territoriaux de Coopération Economique-PTCE) (France)

Case 6. Operational Programme for the Social Economy, Social Inclusion and National Strategy (Spain)

A.2. Cognitive measures

Measures focusing on awareness, disseminating and knowledge of social economy:

Case 7. The « Concept » and Social Economy Action Plan (Bulgaria)

Case 8. Satellite accounts on the social economy compulsory by the Law on the Social Economy (Portugal)

Measures promoting training on the social economy:

Case 9. National agreement between Education Ministry and Pupil cooperatives networks (France)

Measures promoting research on social economy:

Case 10. Universities research/masters network (France and Spain)

A. Hard policies. Economic policies promoting enterprises

B.1. Supply measures

Measures focusing on access to funds:

Case 11. The European Social Fund (EU)

Case 12. Percentage tax designation mechanism to finance social entities (Italy and Hungary)

Case 13. Lotteries and games as a financial scheme: the cases of ONCE and RAY (Spain and Finland)

Case 14. Mutual funds (Italy)

Case 15. Entrepreneurship funds: Legge Marcora, Brasero, financial tool and the Capitalising unemployment benefit scheme (Italy, Belgium and Spain)

Measures focusing on business support (consultancy, networking, incubators, mentoring, etc.):

Case 16. Social economy platforms at the national level: CNCRES, CEPES and CEPS (France, Spain, Portugal)

Case 17. Government network agencies to promote the social economy (Belgium)

B.2. Demand measures

Measures aiming at easing access to public markets:

Case 18. Procurement and reserved contracts (Spain)

Case 19. Social Value Act (United Kingdom)

Case 20. Riforma del Terzo Settore – Reform of the Third Sector (Italy)

Barriers to the development of the social economy

The report has also addressed the main barriers to the development of the social economy. Four groups of main barriers have been identified:

Lack of awareness and understanding of the concept of the social economy, social enterprises and other related concepts, in society, in public debate and in academia. This is a very significant barrier for Eastern EU countries such as Hungary, Poland, Slovakia or the Czech Republic. Related to this lack of awareness and understanding is the low visibility of the social economy, in the media and also in the statistics. Additionally, there is a need for educational and training programmes in the field of the social economy at all levels of education.

Lack of leadership, strategies and government specialised agencies. The study has revealed a lack of leading institutions with responsibility for the social economy, social enterprises, volunteers and civil society that are able to develop policies and encourage the social economy. Consequently, there is no national strategy for the social economy. This field is not considered as a policy priority, and the social economy faces difficulties in being included in the policy agenda of governments.

Lack or unsuitable financial and tax schemes.

Institutional barriers. Branch and sector regulations obstacles consist in sector regulation changes that constitute obstacles to the operations of social economy entities. E.g. in France and Spain, government changes in complementary social protection regulation have negatively affected mutual health entities in recent years, in some cases, leading them to merge or to change their legal status to that of a for-profit entity. In Finland, the Directive on Public Procurement that allowed contracts to be reserved for certain services is not being implemented, so it cannot benefit social economy entities. *Lack or unsuitable statutes and laws on the social economy* concerns the non-implementation of the new regulations for social enterprises. Moreover, new difficulties have emerged for social economy entities due to novel national legal forms of the social economy or changes in legal forms. For instance, in Poland and Portugal, the recent changes in cooperative laws are not considered suitable for cooperatives.

4. Challenges of the social economy policies in Europe

In recent years right across Europe, but also throughout other countries in the world, many governments have developed a new generation of social economy policies. Being an emergent phenomenon, there are only a few studies devoted to their empirical analysis and assessment. In any event, in the light of these incipient studies and the work undertaken in this report, it is possible to identify some challenges, risks and lessons.

1. The challenge of assessing social economic policies

Given the short life of a sizeable number of social economy policies (SEP) and the time needed for their implementation and for them to take effect, there are still only a few assessment reports. However, more important than the development of a rigorous and operational assessment methodology of these policies, is the establishment of synthetic indicators as well as general and specific criteria. Similar to the current challenge of measuring the social and economic impact of the social economy and social enterprises is the challenge of assessing social economy policies. This methodology must contemplate the scope of the aims, in particular, whether they present a long or short period of development and whether the level of

their conception is meso-macro-micro economic. Utting (2017)⁴ for example proposes qualitative assessment criteria for these policies, ones based on state capacity, policy coherence, participation and sustainability.

It is key in this respect that a European Observatory of Social Economic Policies be created with two main functions: on the one hand, to provide a database of policies deployed in the European Community, national, regional and local governments, and on the other hand, to offer assessment methodologies and policy impact studies, in order to help policy makers in the design of policies they wish to implement, thus applying the necessary evidence-based policy maker perspective.

2. Risks in the design and implementation of social economy policies

If throughout social economy policies it is intended to boost to the maximum the contribution of the social economy to solve substantive issues of European societies, to generate innovation and to offer a response to the huge challenges in Europe, we must avoid conceiving these policies from partial, instrumental and top-down perspectives.

The first risk is that of partiality and fragmentation in the conception of SEPs. This fragmentation is caused by delimitation of the policy field, both concerning the target population and the instruments used. Bias can give rise to confining attention solely to segments of social economy entities – such as social enterprises or voluntary organizations – to stages of development of entities of the social economy e.g. entities in their incipient stage of emergence and experimentation, excluding those that are under development and consolidation thus seriously limiting the transformational and generational potential of social added value of the social economy.

The second risk is that of instrumentalization of the social economy throughout these policies (Chaves, 2002; Utting, 2017). These policies are developed while substantive social and economic issues exist. The social economy is conceived as an instrument of a wider sectoral policy so that on changing the priority and design of the latter, the apparatus of the SEP is also altered. From this perspective, the multi-dimensional role of the social economy is deflected, solely contemplating one of its functions.

The third risk stems from undervaluing the potential of civil society which is organised to lead social and economic development projects, supported and catalysed by public institutions. This organised civil society is ultimately the bearer of the social needs to be satisfied, the problems to which a response is to be given and the innovations that reveal its aspirations. It is the social engine of the social economy which the SEPs must accompany. An excessive one-sided top-down approach, with insufficient integration of organised civil society in the design and implementation of SEPs, is a major conceptual mistake, also for the continuity in time of these policies.

3. Lessons for a holistic new generation of social economy policies

The list of cases of good practice in social economy policies presented in this report attempts to be explicitly diverse concerning the type of measures, but also, taken as a whole, its aim is to be a referent for holistic social economy policy. The holistic perspective transcends the integral perspective, this latter being the simple sum of all the parts. The holistic perspective is to be

⁴ UTTING, P. (ed.) (2015). *Social and Solidarity Economy: Beyond the Fringe*. London: Zed Books.

understood as the properties of the system, in this case, all of the measures – here the 20 cases presented – behave in a different way to the simple aggregation of its parts.

If a national, European or regional social economy policy has a far-reaching aim and attempts to reduce the risks mentioned above, it must be conceived holistically and be based on three axes: mainstreaming, partnership and strategic.

Mainstreaming. Social economy policy must impregnate the whole government apparatus and its policies, avoiding ‘ghettoisation’ in a single Directorate General and in a particular instrument. Firstly, to be efficient it must be integrated and consistent with the central programme agenda of the reference government, both its general and sectoral programmes. Secondly, it must be capable of mobilising organisations, services and administrations belonging to the public sector, generating an administrative leverage effect. Thirdly, it must be equipped with a body in the administration, e.g. a specific directorate general or an inter-ministerial committee, which performs the internal policy entrepreneurial role. That is, it takes the lead in political initiatives within the public authorities. This is a role that only a public body can perform.

Partnership. Social economy policy must have the complicity and involvement of the social economy at all levels. This agreed public-private policy, based on permanent civil dialogue, must have three elements: first, a powerful and independent intermediary of the social economy, second, both informal and institutionalised areas for dialogue/advice. Third, application of this advice both in the sphere of joint development and design of the policies and in the sphere of implementation and management of these policies. The public authorities must support, on the one hand, the independent and consolidated nature of this intermediary of the social economy, so that the latter is the external policy entrepreneur, who gives meaning and continuity over time to these policies. The public authorities must create advisory bodies with pluralist representation of the social economy but also informal forums which make it easier for day-to-day monitoring of policy initiatives as they emerge. This latter will make it possible to prevent unwanted legal barriers from being erected as a result of new adjacent policy initiatives. Participation by representative bodies of the social economy in the design of SEPs will contribute to better matching identification and diagnosis of issues and needs, as well as the measures to be adopted. This latter highlights the social and territorially-conditioned nature of social economy policies and their dubious direct replicability. The participation of social economy bodies in the application of policies will favour improving the effectiveness of these policies, their acceptance by the sectors and beneficiaries, as well as the visibility of the policies deployed.

Strategic. Last but not least, social economy policy must not be limited to an isolated instrument or mechanism. As mentioned above, it must bring several mechanisms together in a broader and multi-annual strategy.



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