

**Confcooperative workshop on Social Business and the Social Economy  
Presentation on 'Territorial governance and the role of social enterprises'  
Bologna, 21 February**

Ladies and gentlemen:

- It is with great pleasure that I take the floor after this stimulating discussion on the role of social enterprises in the welfare state, a topic which interests me greatly and which will be the focus of a large-scale conference to be organised by the Various Interests Group in Milan in October of this year, during the Italian Presidency of the Council of the EU;
- For the future of Europe's welfare system is of vital importance and the status quo is simply not affordable;
- Let me remind you that Europe has 7% of the world's population, 25% of its output and 50% of its welfare spending;
- But the system is defeating itself: last year the French Court of Auditors announced that in 2013 the French public health system had a deficit of approximately 14 billion Euros;
- Some would consider this to be an improvement, reduced from a deficit of 28 billion euros in 2010;
- But the fact remains that our social services systems and socio-economic models need to be reviewed, we can no longer rely on the old models and on 'business as usual';
- The crisis has led to massive unemployment, job insecurity and drastic cuts in investment levels for health, education and social services;
- Hence, at the medium term we will need to look at alternative models of service provision, with the social economy playing a key role in the creation of a new welfare model;
- In what has been described as the 'second welfare' we will increasingly see a mix of social protection and social investment programs which are provided by a multitude of economic and social actors, linked to territories and local communities, but also open to trans-local partnerships and collaborations (including the EU);
- And what better than to give *local* stakeholders, including social enterprises, a role in welfare provision?
- When local and regional actors have far greater proximity and knowledge of the local circumstances, they are much better placed to pioneer innovative solutions quickly;
- Of course this necessitates involving social enterprises in the planning, implementation and execution of economic and social policy, something that perhaps national public authorities are not yet prepared for.
  
- But I am getting ahead of myself – let me go back to the topic to be discussed now, which is 'Territorial governance and the role of social enterprises';
- Welfare provision is certainly a novel and key element to the debate, but the discussion goes beyond this;

- I should add that the topic of the social economy and social enterprises is one that the European Economic and Social Committee and the Various Interests Group in particular have been very involved in for several years. For example, there have been numerous EESC Opinions and a conference in 2012 on 'Social Enterprises and the Europe 2020 Strategy';
- The most recent event has of course been the conference in Strasbourg 'Social Entrepreneurs Have Your Say', which was co-organised by the European Commission and the EESC and in which some 2200 individuals from 70 countries participated;
- I am very pleased that the EESC was able to collaborate with the EC on this event, which made the strong case for a new growth model and for an active role for social enterprises in structural reforms to exit the crisis;
- The two-day conference inspired confidence and optimism that social enterprises can be a creative, a dynamic and innovative force for re-building Europe post the crisis and that this could be a more equitable Europe in line with the vision of the Europe 2020 and closer to its citizens;
- As the European Commissioner for the Internal Market and Services Mr Barnier stated during the conference: the Europe of 2008 simply does not exist anymore and it is time that we started taking action for a new Europe and a new model of European growth;
- How could this be done? What is the role of social enterprises in territorial governance? What are the obstacles?
- I was pleased to note that many of the recommendations and proposals of the conference in Strasbourg echoed the ideas launched in 2012 at the conference of the Various Interests Group of the EESC on social entrepreneurship;
- Both events called for social innovation to be embraced, for the real economy, SMEs and social enterprises to be actively supported through financial and legislative means, capacity-building, research and public-private partnerships;
- Moreover, the participants in Strasbourg argued in favour of mainstreaming social enterprises into all EU programmes, for example, into enterprise policy, the Structural Funds, the post-2015 Development Agenda, SME programmes or innovation programmes such as the Horizon 2020;
- Links were also made between social enterprises and the Single Market, for example, calls for more cross border cooperation, for the creation of a European Statute of Mutual Societies and welcoming the role of social enterprises in the revised EU Public Procurement Directives;
- Crucially, in Strasbourg there was recognition that social enterprises can be used to support youth employment and youth entrepreneurship.
- For let us not forget that despite the projections of 1.4% growth for the EU in 2014, Europe continues to face the threat of anaemic growth and possible stagnation, because of low investment and low credit availability, protectionism by emerging countries and structural high unemployment;

- Stagnation and unemployment are particularly grave challenges, as unemployment remains at record levels (10.9% in the EU 28 or 26.5 million individuals) of which 5.6 million are young people;
  - In addition, there are now fears of deflation setting into the Eurozone as the consumer price-inflation has dropped to 0.7%, the lowest since 1999;
  - Within this context, social enterprises can play a key role in territorial cohesion and social inclusion, a role which is set to increase in coming years;
  - Indeed social enterprises have managed to give a voice and negotiating capacity to social groups that had previously been excluded from the economic process;
  - Social enterprises have also given a voice to those traditionally excluded from the process of drafting and implementing public policies, especially those formulated at the local and regional levels;
  - Ultimately, territorial governance is about building partnerships between the various actors, be it private companies, trade unions, insurance companies, foundations, associations, the social economy, professional associations, local governments and public institutions;
  - It is about the exchange of best practices at the national and international level in order to improve the lives of local communities.
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- I am pleased to say that the EESC has directly contributed to reflections on this topic, including through the publication of the results of a study commissioned by the EESC on the state of the social economy in the EU;
  - What we found is that the social economy currently provides paid employment to 14.5 million Europeans within 27 EU Member States, which equates to 6.5% of the working population of these countries;
  - Significantly, between 2003 and 2010 there was an increase in the number of social economy jobs from 11 million to 14.5 million, despite the economic and financial crisis;
  - It is a sector where employees work together, re-invest profits for the benefit of the community and ultimately, this model helps to build and re-build confidence, something that citizens and consumers are very much in need of today;
  - Unfortunately, confidence in the sector by the political class and by the wider general public is not forthcoming;
  - Hence the first steps need to be a greater consideration by policy-makers of both the economic *and* social impact of social enterprises and this is why we need to better understand how to Measure Social Impact;
  - But political support must also be expressed in better access for social economy enterprises and the social economy at large, for start-ups and growth, notably targeting young people;
  - We need tailored financial instruments and support programmes to help the sector to thrive. In particular, social economy enterprises should have access to innovation and Research & Development programmes, such as Horizon 2020, on equal terms as other actors;

- And crucially, we need a shift in attitudes by public authorities in order to better integrate the social economy in European and national policies, for example, in public procurement, taxation, competition, company law, etc;
  - Our study on the Social Economy in the European Union revealed that there are enormous differences between EU countries, with the sector being much more developed in the 'old' Member States and notably Sweden, Belgium, France and Italy;
  - In the newer Member States there is still the old concept of cooperatives being linked to the State and the sector is less developed;
  - This leads me to the final point that I want to make, which is that currently the sector is undermined by limited public understanding, awareness and trust, and this is an obstacle to how citizens and public authorities value the contribution of the sector;
  - Perhaps the sector could be assisted by a new marketing campaign to bring to light the richness and innovative leadership that exists as well as the vast contribution that social enterprises make to in house training and to gender equality;
  - For data on one sector of the social economy, namely cooperatives, demonstrate that such companies invest much more in training of their staff (40% of European cooperatives carry out training activities compared to only 26% of conventional companies);
  - And of course, it is well known that cooperatives are much more gender balanced, with an average of 39% of management positions occupied by ladies;
  - But we must not forget that the social economy could and should be assisted by the development of greater alliances between its different components, but also with actors of the wider economy, for example, SMEs, Liberal Professions, private and public enterprises, etc.
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- Before ending my presentation, I would like to refer again to some of the recommendations of last month's conference in Strasbourg on Social Enterprises, which might I add, was an event structured in such a way that in itself it reflected fully the participatory and democratic values of social economy enterprises!
  - The participants recommended that there must be a stronger engagement at EU, national, regional and local levels with the social enterprise community in the co-creation of new policies to support social enterprises, suited to the local context;
  - Moreover, it was agreed that in partnership with the social enterprise sector, Member States, regional and local authorities must fully support the growth of social enterprises and help them build capacity. For example, through legal frameworks, access to finance, business start-up and development support, training, education and public procurement;
  - It was agreed that the EC, Member States and regions must boost cooperation between social enterprises across border and boundaries, in order to share knowledge and best practices;
  - The EU should also propose a European Statute for Mutual societies and a European Statute for Associations, both of which would help the territorial governance of social enterprises;

- I would like to close my presentation with a plea for a new normality, one which as stated in the Strasbourg declaration "(is a) new Europe, (one in which) all players need to look at growth and value creation from a wider perspective, by including social indicators and demonstrating positive social impact when reporting social and economic progress";
  - The EU has made some attempts in this direction through a limited social dimension to Economic and Monetary Union;
  - But we are also living in a new era of identity politics, linking the problems of Europe with those of immigration, playing on nostalgia and tapping into concerns about globalisation, traditions, borders and the inability of countries to avert job losses have become the norm;
  - We will see the results at the May elections to the European Parliament;
  - What is certain is that a great deal more still needs to be done in order to convince citizens that the EU can also speak the voice of solidarity, entrepreneurship and cohesion;
  - Support for social enterprises is a step in the right direction!
  - Thank you for your attention.
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