

Conference:

'Unlocking the Potential of the Social Economy for EU Growth'

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Panel on 'Making the European Social Economy work: suggestions from the EESC project'

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Ladies and gentlemen:

- At a lecture given in September at the KU Leuven university by the former President of the European Council, Mr van Rompuy, on the topic of the social dimension of the EU, he stated that the ultimate aim of any political endeavour was human and social progress;
- The former President developed his argumentation by noting that whereas in the past, it was Member States who were solely responsible for employment and social protection policies, the expectations and role of the European Union have now changed;
- Starting with Article 3 of the Treaty on the European Union, which states that the EU should balance economic efficiency with equity, social and territorial cohesion and moving on to the June 2014 Council conclusions, which stipulate that the second pillar of the EU is 'A Union that empowers and protects all citizens', we have indeed progressed a long way;
- Without doubt, the crisis has spurred us in these efforts and the continuing high levels of unemployment, devastating social consequences and sluggish growth allow us to identify with the Council's conclusions that the EU should "...help develop skills and unlock talents and life chances for all;...guarantee fairness and help ensure all our societies have their safety nets in place to accompany change and reverse inequalities";
- The question we are faced with at our conference here in Rome, is what contribution can the social economy make to this new Europe post 2008? This Europe which must imperatively find new sources and models of growth, this Europe which dares to combine the economic and the social?
- But these are not new questions, our conference today is the next step to the highly successful conference in Strasbourg on social entrepreneurs that was co-organised by the EC and the EESC in January;
- We are now on the trajectory from the Strasbourg Declaration to the Rome Strategy and one of the intermediary phases has been the Social Enterprises Project of the EESC, the recommendations of which I will present to you today;
- But before doing so, I would like to remind us all of the creativity and resilience of social economy enterprises. Working in partnership with local communities and public authorities, they are catalysts for social innovation and have the potential to bring about systemic change and to reshape society, including the way that the State operates;
- This is something that we discussed at length in Milan at the end of October, when we organised a high level conference on 'Boosting Social Innovation for a Better Social Outcome';
- The event, which was followed by more than 1,000 persons, sought to address how to modernise, reform and adapt European welfare systems and how to develop further the social dimension of the EU;
- And among the recommendations that we made was that social investment should be recognised as a *multiplier* for growth, that social innovation and social investment should be inserted into the review of the Europe 2020 Strategy and that we must measure social impact, for example, by including social indicators in national progress reports;

- So perhaps we might be so bold as to say that our conference in October and the Milan Declaration that ensued, can also be situated in the trajectory between the Strasbourg Declaration and the Rome Strategy.
- Let us now consider the evolution or progress made by the social economy, as it is against this background that our Social Enterprises project was carried out;
- Certainly until recently, the social economy has been a sector in dire need of political recognition and support;
- Confidence in the sector by the national and European political class and by the wider general public has not been forthcoming;
- Moreover, despite the sector being quite developed in some European countries such as Sweden, Belgium, France and Italy, there have been serious shortcomings in the financial, legal and administrative fields, there has been a clear lack of capacity, visibility, access to finance, public procurement opportunities, supportive regulatory environment, etc. All of these factors that collectively we refer to as the 'ecosystem' of social economy enterprises;
- Moreover, 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;
- Nonetheless, despite these challenges, the sector is very resilient, it has been growing and we have independent data to prove it;
- For in a study that the EESC commissioned in 2012 on 'The Social Economy in the European Union', we looked at the status quo, challenges and opportunities of the sector in the then 27 EU countries, plus Croatia and Iceland;
- And what we found, is that the social economy currently provides paid employment to 14.5 million Europeans, which equates to 6.5% of the working population of the 27 EU Member States;
- 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;
- Moreover, at the European level there have been three pivotal developments which reflect a clear political shift towards promoting the sector and which in my opinion will be decisive;
- Indeed, we can refer to these developments as the European 'acquis' of the social economy;
- Firstly, there was the launching of the Social Business Initiative in 2011, which aims to provide an ecosystem for the growth and development of social enterprises in Europe;
- The SBI targets three areas in particular: improving access to funding, increasing visibility of social enterprises and improving the legal environment;
- Secondly, there was the adoption by the European Parliament in January 2014, of the new directive on public procurement;
- Not only does this facilitate a better participation of SMEs in public procurement, but it also includes procuring based on social considerations and innovation as well as the

- opportunity to reserve contracts for organisations based on employee ownership or active employee organisation in their governance;
- Thirdly, there has been the inclusion within European financial instruments of support for the development of the European social economy;
 - Thus, EU funding for the social economy is already available within the Structural Funds for 2014-20, the Cohesion Fund, the European Social Fund, the European Regional Development Fund and the European Agricultural Fund for Rural Development;
 - Collectively, all of these instruments are referred to as the European Structural and Investment Funds (ESI);
 - The most noteworthy are the Structural Funds, as the EC proposed that 25% of financial allocations for the period 2014-20 should be allocated to human capital and social investment;
 - However, what is imperative is that the EC and Member States ensure that both the procurement and Structural funds are *actually* employed to support social innovation and social economy enterprises in Member States.
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- I would now like to move my attention to the core of my presentation today, which focusses on the Social Enterprise project undertaken by the EESC and what lessons we can learn;
 - This nine month project aimed to identify specific policy recommendations and measures that could be taken by Member States, the European Commission and even the European Parliament, in order to support the development of social economy enterprises;
 - It followed a specific request from the former Commissioner for the Internal Market and Services, Mr Barnier, who asked the EESC to *take the lead*, to raise awareness, facilitate the sharing of experiences and to present recommendations to the new Commission;
 - Within the context of the project, the EESC met with stakeholders at the local, regional, national and European levels and I would like to present to you some of our key observations – I will subsequently move on to the *policy recommendations* emanating from the project;
 - The first observation to mention is that there is a genuine interest in social economy enterprises among stakeholders and their visibility has increased;
 - However, there is still very little awareness and a lack of recognition and understanding of its models, its professionalism and its ability to create value;
 - Hence, as a very first step, we have argued that the description of social economy enterprises needs to be further clarified and it is necessary to clearly separate it from CSR;
 - We also noted that few Member States have implemented national support programmes, although more activities are happening at the local level;
 - Indeed, there would appear to be a general absence of political will or ownership by public authorities and there is an evident necessity for capacity building for these public authorities, the private sector and social enterprises;

- I would also like to mention that parts of the ecosystem which are necessary for social enterprises to be well-functioning, do exist at both the EU and Member State level, but these parts need to be pieced together in a coherent framework;
- Finally, what became clear from the EESC project is that citizens, civil society and social enterprises need to be at the *heart* of European Strategies and that the exchange of best practices is crucial to both inspiring and building a social enterprise community in Europe.

- I would now like to turn my attention to some of our *specific policy recommendations* emanating from the project;
- Firstly, it is imperative that there is a mind shift so that the contribution of social economy enterprises to employment creation, social cohesion and growth is both recognised and promoted;
- Secondly, in order to stimulate policy development and to encourage ownership by stakeholders, it is crucial that the European Commission develops and launches a 2nd phase of the Social Business Initiative, which would take a holistic approach. The European Parliament's Social Economy Intergroup could play an active role in this policy development and its activities should be continued during the current Parliament;
- Next, there should be a concerted effort to create an action plan for the social economy in Europe and an integral part of this process is the adoption by the EC of proposals for Statutes on European Associations and Mutuals, and for the Council to speed up adoption of the European Foundation Statute;
- Thirdly, it is extremely important that at both the EU and Member State levels, capacity-building programmes are launched, which will support and facilitate social innovation;
- One of the ways to strengthen capacity-building would be by sharing information on successful financial models, and the EC is called upon to collect and share information on the most useful financial solutions and financial ecosystems for social enterprises;
- Fourthly, we need to create an *enabling environment* for social enterprises and this should be achieved by mainstreaming social entrepreneurship and social economy enterprises into the Small Business Act;
- It would also be facilitated if the Commission were to provide written guidance to Member States on how to implement the new procurement rules;
- Finally, the EESC project highlighted the vital importance of promoting social entrepreneurship in education and prioritising research, notably the collection of national statistics on social enterprises, which would help to better understand the sector, give it a voice and make it more visible.

- Ladies and gentlemen, whether it be our conference in Milan on social innovation or the project on Social Enterprises, what is clear to me is that despite progress, there is still a great deal to be done to empower the social economy and to unleash its full potential;
- Three points strike me the most: firstly, we need to focus on the social economy and on social innovation today. We must reflect on what has already been achieved and be courageous enough to implement our decisions;

- Secondly, we must work in partnership, build trust, create effective alliances;
- Thirdly, we should not be afraid to innovate with social initiatives;
- For what we encountered in both Milan and during our project, was the powerful positive energy of the social economy players who are already active throughout Europe;
- They are highly competent, diversified, motivated and innovating;
- And we are already daring to produce innovative social initiatives in Europe, it is a growing phenomenon that is succeeding in filling the gaps and conflicts between public and private, between growth and fairness – it is the living proof of our European social market economy;
- And we can go even further – why not use some of the 300 billion euros announced by Mr Junker, to leverage the social economy, to stimulate innovation, sustainable and inclusive growth for the Europe of tomorrow?
- As Mr van Rompuy said here in Rome ten days ago, during his last speech as President of the European Council, "...the citizen's message to the Union is clear. The Union must be stronger outside, be more caring inside";
- I believe in this Europe which both empowers and protects its citizens and local communities, which respects the principle of subsidiarity, which looks straight ahead and which finds solutions for better social outcomes and more cohesion!
- Thank you for your attention.