**CONCLUSIONS OF THE 1st EUROPEAN DAY OF SOCIAL ECONOMY ENTERPRISES**

**1st JULY 2016**

# **Context**

On 1 July 2016, the EESC organized the first European Day of Social Economy Enterprises as part of the work of the permanent study group on "Social Economy Enterprises". 134 persons attended the event. The aim of the day was to give the floor to the Social Economy sector, firstly to feed the work of the permanent study group of the EESC and of the Commission Expert Group on social entrepreneurship (GECES), and secondly to ask the European Commission to keep the topic of Social Economy among its priorities. It is worth mentioning that on 30 June 2016, the EESC hosted a meeting of the GECES in its headquarters. In addition, during the days before and after the 1st July, several events were organized on the topic of Social Economy, among which we can mention a meeting of the Social Economy Category of the EESC, a hearing of the EP Intergroup, an Ashoka conference and also the International Day of Cooperatives.

# **Structure of the first European Day of Social Economy Enterprises**

The main points of the programme were the following:

* An opening session by Mr. Smyth, Vice-President of the EESC
* The presentation of the EESC preliminary reflections concerning an action plan for Social Economy Enterprises
* Presentation of 3 social entrepreneurs (representing *Okus Doma*, *Progetto Quid* and *RREUSE*)
* The organization of three participatory workshops conducted in parallel

• Social Economy Enterprises as a driver for an inclusive society

• A financial ecosystem for economic growth and progress-oriented SEEs

• Social Economy Enterprises as a driver for a sustainable world.

* The closing session with the presentation of results of the workshops followed by an institutional response. In that context, following interventions can be mentioned: Mr Branislav Ondruš, Slovak Secretary of State in charge of Labour, Social Affairs and Family; Christian Cardona, Maltese Minister of economy, investment and small business; Sławomir Tokarski, Director, DG GROW, European Commission; Blerta Hoti, political adviser of Jens Nilsson, who could unfortunately not attend, but who sent a video message.

# **EESC Vice President's opening speech**

In his opening speech, the EESC Vice President insisted on the fact that Social Economy Enterprises contribute to social integration, growth and progress, provided they can develop in an enabling financial ecosystem, and underlined the fact that they can also contribute to a more sustainable world. The elaboration of a long term action plan is one of the biggest challenges for Social Economy Enterprises. A long term action plan is needed to present a roadmap for actions and measures to be taken to fully unleash the potential of the sector. Therefore, beyond the actions and measures, beyond the setting of objectives, there is a need to reinforce cooperation. If we mobilize ourselves in that direction, then 2017 might become THE year of Social Economy Enterprises.

[Michael Smyth's speech](http://www.eesc.europa.eu/?i=portal.en.events-and-activities-social-economy-enterprises-presentations.40843)

# **EESC preliminary reflections**

To stimulate participants' reflection before the workshops, he EESC had prepared a document presenting the permanent study group's first thoughts on what is needed for the future. The objective of the document was to serve as a starting point, in order to go further in the common reflection, through the 3 workshops. Ariane Rodert and Oliver Röpke, who presented the document, insisted on the fact that the EESC has been the driving force for the interests of Social Economy Enterprises and stressed that it was not a coincidence if this event was happening at the EESC. In fact, Social Economy Enterprises are a model of enterprise based on values such as primacy of people over capital, democratic governance and reinvestment of the essential surplus to carry out sustainable development objectives. Social Economy makes a contribution to job creation, to quality jobs, to sustainable growth and to a fairer income and wealth distribution.

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| ***From words to action! Towards a comprehensive action plan for Social Economy Enterprises (SEEs)*** 1. ***Recommendations to the European Commission*** 1.1 ***Development of a strategy for SEEs***   * *Create a specifically dedicated unit to Social Economy and SEEs in the European Commission (EC)* * *Integrate the Social Economy and SEEs in the EC working programme for 2017* * *Fully integrate the Social Economy and SEEs when reviewing the internal market strategy in 2017, by ensuring the full recognition and support of the diverse business models in Europe* * *Build a stronger partnership for the European Social Economy agenda together with the EESC, the Council Presidencies and the EP Intergroup* * *EU should take leadership in the promotion of the Social Economy and SEEs globally, in coordination with other international organisations (UN, OECD, etc.) and through the mainstreaming of the Social Economy and SEEs in all EU policies with an external dimension (foreign policy, neighbourhood policy, trade policy, cooperation & development, humanitarian aid etc.)*   1.2 ***Implement the EPSCON Council conclusions of December 2015***   * *Act to promote social innovation* * *Act to achieve progress on the regulatory framework* * *Act to improve access to finance for SEEs* * *Act to launch / intensify capacity building programmes to support SEEs*   2. ***Recommendations to Member States***   * *Ensure the sector is given more visibility and acknowledgement, recognising and supporting the contribution of SEEs to a more sustainable society, economy and environment* * *Recognise and involve the Social Economy sector’s specific role in driving social innovation and systemic change to tackle current complex societal challenges* * *Recognise and support the contribution of SEEs to a systemic change* * *Prioritise research and the development of satellite accounts* * *Recognise the role and the rights of workers of the field of social enterprise* * *Keep the momentum achieved by previous EU Council Presidencies, build on the Luxembourg Declaration and reinforce cooperation and synergies*   3. ***Recommendations to the sector***   * *Continue promoting the development of social Economy Enterprises* * *Promote the exchange of ideas and best practices* * *Instore and maintain an ongoing dialogue with the EESC, based on participation and co-construction, for example via the European Days of Social Economy Enterprises.* |

# **Gist of the reactions to the EESC preliminary reflections**

## The message to the European Commission

Several participants called on the European Commission to develop a work program and a roadmap for the Social Economy in 2017. The GECES decided to send a letter to that end to President Juncker.

It is also with this idea of promoting Social Economy that the conference "Scale me up" was held on 17 June in Paris. This conference, organized as a kind of follow-up to the closing conference of the Luxembourg presidency (Boosting Social Enterprises for Europe, which took place on 3 and 4 December 2015), helped to reiterate the political message of requesting a more active policy from the European Commission in favour of the Social Economy.

## Financing and satellite accounts

Luxembourg which, during its Presidency, has given a great boost to the Social Economy, is continuing its efforts and currently focuses its work on two areas: the financing of Social Economy Enterprises and the development of satellite accounts.

## Organisation of the Social Economy sector at world level

The Social Economy is present at all levels: the Mont Blanc Meetings created, in cooperation with France, the International Leading Group on Social and Solidary Economy. Besides, it is also worth noting the activities of the United Nations Task Force on Social Economy.

## Some new domains to explore

The diverse forms which Social Enterprises can take are no longer in doubt. One might ask whether it would be wise to look more into detail at the various business models. Much is being said about the hybridization of public and private resources. We might consider having a better idea of ​​the different business models by reflecting further on the subject.

Besides, it should also be noted that local authorities are becoming increasingly important and that they are proactive in terms of Social and Solidarity Economy. This topic could be reflected on.

## The call in favour of a re-edition of the European Day of Social Economy Enterprises

Several voices were raised among the participants to ask the EESC to organize a new edition of the European Day of Social Economy Enterprises in 2017. One of the participants even insisted on the fact that the issue of the relevance of a second European Day of Social Economy Enterprises was not any more a question, but that the need was to set the exact day.

# **Inspiring presentations of three Social Entrepreneurs**

In order to stimulate participants' reflection in the workshops, the EESC invited three Social Entrepreneurs to present their success stories:

* Bashkim Fazliu, representing Okus Doma
* Anna Fiscale, representing Progetto Quid
* Paolo Ferraresi, reprsenting RREUSE

**Bashkim Fazliu** presented the idea of using food to create jobs for refugees, with the support of different structures, one offering the food and the other one the administrative practicalities (language courses, translations), in order to enable people benefiting from courses and getting professional as well as social skills.

**Anna Fiscale** explained that *Progetto Quid* tackles a social as well as an environmental issue. In fact, there are in Italy more than 3.3 million women in situation of exclusion. On the other side, there is more than 600 km textile waste. The solution is to design and create cloths by employing disadvantaged women, and thus, to bring ethical, unique, handmade, symbolic and eco-friendly products on the market.

**Paolo Ferraresi** explained the idea of the *RREUSE* platform which is to federate entities working in the domain of recycling. The main role of the platform is to prevent the growth of the volume of waste and at the same time to create more jobs at local level.

The PPT presentations are available at:

<http://www.eesc.europa.eu/?i=portal.en.events-and-activities-social-economy-enterprises-presentations>

# **The three participatory workshops**

After the inspiring presentations of the three social entrepreneurs, the participants joined the workshops.

* Workshop 1: Social Economy Enterprises as a driver of an inclusive society
* Workshop 2: A financial ecosystem for economic growth and progress-oriented SEEs
* Workshop 3: Social Economy Enterprises as a driver for a sustainable world.

## **Results of Workshop 1 - Social Economy Enterprises as a driver of an inclusive society**

### The questions reflected on were the following:

* *Is the Social Economy a tool for social inclusion, and if so, in what way?*
* *What does the sector need to make better use of this inclusive element that it offers?*
* *Are there any specific recommendations that could be made to the European Institutions to boost the social inclusion dimension of Social Enterprise?*

### Results:

* *First question: Is the Social Economy a tool for social inclusion, and if so, in what way?*

**Recommendations:**

* Increase the visibility of Social Economy
* Promote the exchange of best practices, experiences and know-how
* Insist on capacity building
* Stress the importance of a multi-dimensional approach
* Insist on the importance of the financial support
* Insist on the necessity to have also at European level quotas for disabled groups, since they exist also at Member States' level.
* *Second question: What does the sector need to make better use of this inclusive element that it offers?*

**Needs:**

* Improvement of the visibility and recognition of the sector through better communication activities that show the benefits for the whole society;
* Exchange of best practices (how to replicate in different countries);
* Social impact measurement, not only social aspect, but also skills, employment, economic indicators;
* Partnerships with market driven traditional companies (example *Progetto Quid*) - like a transition stage;
* Better representation and lobbying at European and national level;
* Training and tailored funding.
* *Third question: Are there any specific recommendations that could be made to the European Institutions to boost the social inclusion dimension of Social Enterprise?*

**Recommendations:**

* Awareness raising particularly at local level. How do we get experiences from one country to another? EU institutions have to help with the exchange of good practice;
* Definition of Disadvantage – Need for an indicative list of what is disadvantage;
* Public procurement – Monitor and Follow up the new directive to the Member States;
* Review and simplification of structural funds (making them easily accessible);
* Capacity building, training experts;
* Mainstream EU/ Every time that they think about economic… they should think about social impact, connecting the dots.

## **Results of workshop 2 - A financial ecosystem for economic growth and progress-oriented SEEs**

### The questions reflected on were the following:

* *Is the financial ecosystem for SEEs fully formed? What is missing?*
* *How might innovation in the financial ecosystem contribute to progress?*
* *Are there any specific recommendations that could be made to the European institutions as regards the financial ecosystem?*

### Results

* *First question - Is the financial ecosystem for SEEs fully formed? What is missing?*

**Current situation:**

* SEEs are often excluded from the mainstream financial models
* There is not enough understanding from the mainstream financial market for SEEs
* Main access to finance for SEEs: grants, subsidies, fundraising
* Lack of visibility of SEEs to the financial sector
* Regulation too weak, missing etc.
* There is a gap in distribution of funds
* The alternate financial market is not well developed/underdeveloped e.g. ethical basis

**Proposals for the future:**

* Democratization of the financial market e.g. creation of new financial institutions based on values
* EU platform to create awareness on what SEEs are
* Need for creating a dialogue based on shared values
* Evaluation system for impact (financial and social) of SEEs
* Include awards in the system
* Matching public and private financing
* New forms of financing e.g. hybrid
* Retail social investment

OTHER: more engagement of Member States in public procurement for SEEs

* *Second question - How might innovation in the financial ecosystem contribute to progress?*

**Current situation:**

* Few cross-sector partnerships (public/private/cross sector)
* Few solutions based on a bottom-up approach
* Private sector mainly driven by financial incentives
* Legal texts/regulation are too complex for small scale companies
* Not enough seed funding for “starting up” phase

**Proposals for the future:**

* Increase resilience of financial ecosystem (e.g. cross sector partnerships) – resist to crisis
* Give access to all (e.g. insolvents)
* Need for finding solutions to tackle the question of bureaucratic burden for SEEs (in order to reduce costs)
* Financial support adapted to local conditions

OTHER: no comment

* *Third question - Are there any specific recommendations that could be made to the European institutions as regards the financial ecosystem?*

**Current situation:**

* No social elements in the action plan for the capital markets union
* Gap between Social Economy Enterprises and the European Commission / lack of communication and information

**Proposals for the future:**

* Recreate and engage the financial ecosystem with Social Economy (ethical banks, cooperatives, mutual and other non-profit financial intermediaries)
* The action plan should be reviewed to integrate social elements (review of Solvency II and BASEL III framework)
* Review of EUSEF/EFSI in order to simplify, and increase flexibility and accessibility (also for small projects)
* Improve the governance (stakeholders not enough involved)
* Encourage/address the Member States to better use structural funds
* Stakeholders are not enough represented

OTHER: all Member States – complementary Social Economy skills

## **Results of Workshop 3 - Social Economy Enterprises as a driver for a sustainable world**

### The questions reflected on were the following:

* *How do Social Economy Enterprises contribute to a more sustainable world?*
* *Indicators for measuring impact of Social Economy Enterprises on sustainable development*
* *Are there any specific recommendations that could be made to the European institutions for boosting the Social Economy’s contribution to a more sustainable world?*

### Results

* *First question:* *How do Social Economy Enterprises contribute to a more sustainable world?*

**Notes:**

* Try to implement continuously new solutions, just in specific places, to see which work
* Economy ‘wise’ using public and private funds, but in new ways
* Awareness problem
* We should qualify in Social Economy people already qualified elsewhere. So bring in SE skilled people from other fields.
* Some enterprises are just green washing, so we should pay attention to have the right form of Social Enterprise. For instance, the sharing economy is doing a real difference for sustainability
* SEE can give ideas to traditional enterprises, for example the social clause in public procurement, SEE can also give best examples to share
* Europe is a wasteful and not efficient place, which does not use the SE potential. EU could be a model to other parts of the world. There are no incentives in private enterprises to reduce waste. SE are thinking more about next generations as they work towards sustainable models of production and thus, contribute to the sustainable development goals
* Co-construction and co-production by bringing producers and consumers together
* Social innovation -> food mobilises the most people into thinking about sustainable world
* Longer-term lab approach to use all solutions to demonstrate that when we apply all it can work
* Need to empower SE and make them independent from public authorities, also market is not the only solution, we need more a mix between market and public finance economy - wise economy.

**Conclusions:**

* Cooperation between SEEs and traditional business: how do we do it? What are the ethics?
* Frugal economy needed: not to produce waste, not to produce useless growth -> currently we are the society producing the most waste
* Clarity of concepts, for instance when we talk about circular economy. Families and people from the street need to understand what we talk about.
* Need to move from best practise to mentoring: adapt best practice to local situation. Question: should we be faithful to SEE religion or should we be wider? Hybridisation as ethical standpoint for Social Enterprises -> developing into something new as long as we stick to values
* SEE have to open doors: trust need to radiate, empowerment, knowledge, understanding (no matter what we say, but what is understood), awareness (what business know about us, what do politicians know about us?)
* SEE on sustainability have to have patience (no immediate profits), and should focus on investing in people and users
* Wise circular economy and society, using markets plus public resources -> make different areas of our lives work together and be in a global society
* *Second question: Indicators for measuring impact of Social Economy Enterprises on sustainable development*

**Notes:**

* Sometimes measuring is non sense, as you measure not the important aspect. So we have first to fix the objectives and then build indicators that are relevant. EC presented some indicators that could not be used later. We have to decide what we want to achieve, our target, what is our direction so to make the indicators useful
* Not have to bring indicators always back to money. Not quantify in cash.
* All the SDGs could focus on impact and be used as indicators
* Not always necessary to quantify

**Conclusions:**

* No definition or concept of SEEs at EU level
* It is extremely hard to measure impact. Hard even to talk about impact when we do not know the concept of SEEs. At national level, there are definitions which are the same but why does the EU not talk about it as its own definition? Charter of 2002 gives basic definition but very broad and hard to implement
* Need to define what is the SE and focus on both the social and environmental impact, not only one of the two
* We should define objectives at corporate level -> chose blocks like health, gender equality, re-investing money back, education. After that at company level, we have objectives, there we can choose indicators: for instance for reinvesting money the percentage which is reinvested can be used
* We do not only report to stakeholders the impact, but also to the public
* At national level, the progress can be integrated into national reports then made available to the UN in order to show the impact of SDGs -> but not report on all impacts, just on those we are good. Use SDGs, but only the relevant ones.
* Need support from EU level -> number of staff last years has decreased so we need more expertise to be facilitated at the EU level and we need create extra capacity
* *Third question - Are there any specific recommendations that could be made to the European institutions for boosting the Social Economy’s contribution to a more sustainable world?*

**Notes:**

* There is a missing link between circular economy and sustainable development
* Should develop public interest cooperatives: States starting it plus privates running it (cooperation of the two sectors)
* Some Member States are better organised in the SE filed than the Commission. Therefore, the Member States with a lower level of SE have to level up, not the opposite. The Commission has to level up its work to the level of the Member States with a good SE, for instance Portugal, Spain, Italy
* The Commission develops programs to help developing countries outside EU, i.e. Africa, to promote the SE, but we should first focus inside the EU and clarify the concept here. There is still so much confusion about what the SE is and its boundaries that it does not make sense to bring it elsewhere yet
* SE has little recognition by EU institutions, only EESC does progress on that, but Public procurement Directive is a success
* There is a lack of funding for the SE and a lack of concrete proposals to tackle
* Disconnected agenda of SE from the agenda of reality

**Proposals for future:**

* Need for high level discussions as it is the case on other issues like migration and climate change
* Design specific programmes to boost dialogue
* Commission should bring the SE into the mainstream existing legislation, like circular economy package (on waste management) and capital market Union, so to support and finance cooperative banks, SMEs policy, the social pillar, new proposal of Sustainable new future for Europe
* Social clauses in public procurement should be promoted towards local regional authorities
* Green public procurement: in circular economy there are no legislative measures in that. Why not mention also social clauses? The way Member States transpose the Public Procurement directives should be monitored
* In Public Procurement you could reserve contracts for SEEs, the clauses that exist are not binding
* More communication on the benefits of SEE
* Community Led Local Development (CLLD) should be used for start-up of SEEs.
* USEF (Fund for SE) does not work because the investors do not understand it very well. Therefore, maybe external investors investing in social enterprises is not the best, perhaps private and public fund should support SEE's -> hybrid between mainstream economy, public economy and Social Economy is promising. Future package on investment plan should address it
* Define a better and unique approach to SE in all Member States
* NGOs should have a better structure to lobby

**Conclusions:**

* Need for reserved contracts for SEEs in Public Procurement
* Need to monitor the transposition at Member State level of the public procurement directive (success story as directive) and include all social and environment considerations
* SEE should be pushed into mainstream policies and should be recognised in all laws created at EU level
* Investigate more in hybrid funding to change the current perspective
* Broaden the G20 scope on ‘inclusive business’ to include also local and small enterprises and not only big companies, so to get SEEs also into focus
* Promote more high level discussions on SE
* EU agenda and Commission agenda is disconnected from recommendations that we make in these sort of meetings, so we should reflect on innovative ways to make our recommendations and change our ways of working as traditional ones are not effective
* Social protection is a fundamental part of the sustainable work of tomorrow

# **Institutional reply**

## Slovak Presidency

The representative of the Slovak Presidency outlined the program of the Slovak Presidency and underlined the fact that the Social Economy should be an instrument for unleashing the hidden potential in society and should be considered as a sector of the economy in itself. The great events of the Slovak Presidency will be:

- A conference in October on the potential of the Roma as an engine of change. It will include a workshop on the Social Economy;

- A conference on 30 November and 1 December which will seek to encourage EU institutions to include the Social Economy in decisions concerning economic growth and labour market policies.

## Maltese Presidency

The main points of the Maltese Presidency representative were the following: innovative solutions must be found to support the Social Economy. It is important to promote a pluralist economy build on market systems that are happy to embrace different business models. Among the priorities of the Maltese Presidency, we can mention SMEs and Social Enterprises which are the backbone of the economy. To ensure their survival, strategies are needed, particularly in terms of access to finance, awareness rising on the challenges entrepreneurs face when establishing their business and making sure that the European regulation framework is more SME friendly.

## European Commission

The Commission presented its working program for the coming months, among others the GECES report due for the autumn 2016, as well as the efforts needed to build an adequate ecosystem for Social Economy Enterprises in order to fully unleash their potential.

## European Parliament

The representative of the European Parliament stressed the need for stronger cooperation between the different actors of the Social Economy, which is a challenge for the future. It is important to integrate the Social Economy in the strategy for the single market. Social Economy should be promoted and the best way to achieve this is to strengthen the partnership between the EP, the EC, the EESC and the stakeholders.

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- Participants list in appendix.

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