



Presidenza Italiana
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Ministero del Lavoro
e delle Politiche Sociali



International Conference

Unlocking the Potential of the Social Economy for EU Growth

HIGHLIGHTS FROM THE WORKING GROUPS

On the first day of the Conference, November 17th, 2014, a total of 10 working groups (WG) were held to discuss relevant topics that had been previously identified via a public consultation. A detailed report of each WG is available at www.socialeconomyrome.it.

Given the breadth of topics covered across the 10 WG, rapporteurs were invited to summarize the main proposals that came up in their groups. Those proposals represent specific recommendations stemming from the field and should be considered as priorities to inform the policy debate and guide the actions on the Social Economy undertaken by EU Institutions and national governments.

WG 1. POLICY SUPPORT AT NATIONAL AND EUROPEAN LEVEL: REGULATION, STATE AID, FISCAL INCENTIVES, AND RELATED MATTERS

1.1. Social economy organisations see the need for a new definition of the Social Economy as a whole as well as of social enterprises. The following criteria need to be taken into account into this definition:

- Their collective dimension
- Their democratic governance

In order to respect the pluralism of Social Economy organisations, the statutes of the various Social Economy organisations (cooperatives, mutuals, foundations and associations) should be implemented.

1.2. The promotion of the Social Economy, social enterprises and social values is very important for unlocking their potential. Different initiatives should be designed to promote them, including:

- A label, which should be developed in collaboration with Social Economy actors.
- A pan-European website dedicated to the various legal statutes of Social Economy organisations with data about starting and running this kind of organisation in the given specific national legal context.
- Social and economic standards and values.
- A promoting agency at the European level.
- A media network to support and promote the Social Economy.

1.3. Social Economy organisations see the need to prepare and implement an action plan which would include:

- Creating an inter-service Social Economy unit across the different DGs of the European Commission.
- Setting up a social dialogue with Social Economy actors at the European, national and local level adapting the existing committees to make this possible.
- Developing an appropriate tax and fiscal system for Social Economy organisations.
- Monitoring the use of the European funds and especially the structural funds dedicated to the Social Economy.
- Developing educational policies in the framework of partnership between all the sectors: universities, public authorities, Social Economy organisations.
- Improving the place of the Social Economy in public procurement not only through social clauses.

WG 2. THE ROLE OF EU STRUCTURAL FUNDS FOR SUPPORTING THE SOCIAL ECONOMY

2.1. Synergies and coordination between different sources of funding and different support measures and structures should be increased.

2.2. Structural funds and public policies should have an enabling role, because the Social Economy should remain independent.

- 2.3. An integrated strategic approach is key, and it should be designed, implemented and assessed through partnerships.
- 2.4. Other crucial elements are flexibility, quality, transparency, accountability and focus on the results of programmes and projects.
- 2.5. Transnational cooperation is needed at all levels: among Managing Authorities (MAs), among stakeholders and between MAs and stakeholders. Transnational networks promote mutual learning and transfer of good practices and their activity should continued in the new programming period.
- 2.6. The Social Economy should be recognised as a major actor of social innovation and social experimentation.

WG3. COLLABORATING WITH THE PUBLIC SECTOR: PUBLIC PROCUREMENT AND NOT ONLY

- 3.1. National and regional authorities, in partnership with Social Economy actors, must increase awareness of the possibilities of the new public procurement directives through the creation of support centres which can provide training, information and concrete examples regarding social and environmental criteria, reserved contracts for disadvantaged and disabled groups, reserved contracts for health, social and cultural services and the most economically advantageous tender criteria.
- 3.2. The Social Economy calls on the European Commission to:
 - Promote a strategic policy package (a “Social Economy Initiative”, along the lines of the Social Business Initiative) that includes a European plan for tapping the potential of the Social Economy for EU growth.
 - Update the Guide on Buying Social and provide guidance on interpretation and implementation of the new public procurement rules through Commission Staff Working Documents addressed to Member States and public authorities, which should include quality criteria, social considerations and rules for Social Economy as a dedicated chapter.
 - Organize an exchange of best practices between Member States and stakeholders so that they can learn from each other and work together to improve existing practices as well as future transpositions.
- 3.3. Public procurement is a critical booster of inclusive employment and growth but it is not the only channel. The collaboration between the public sector and the Social Economy, aimed at the provision and continuity of highly innovative and high quality social services, can be developed through alternative channels outside public procurement. These channels include providing financing schemes, granting licenses and authorizations, or pursuing joint initiatives, respecting the principles of advertising, transparency and non-discrimination.
- 3.4. Public procurement rules mobilise almost 20 percent of the EU’s GDP and should therefore be accessible to Social Economy players across the board, on an equal footing with other players.

- 3.5. Other possibilities to build partnerships between the Social Economy and the public sector must be well regulated and they should not constitute just exceptions. In this framework, the Social Economy actors and public authorities call on the national and regional authorities and on a potentially re-launched Social Economy Parliamentary Intergroup to work on these opportunities at their own competence levels.
- 3.6. The successful partnerships between Social Economy actors and public authorities must be included in the mid-term review of the Europe 2020 Strategy, since these provide social value added towards a sustainable, smart and inclusive growth.
- 3.7. Stakeholders must structure their actions and positions concerning these issues in an efficient way.

WG 4. FINANCIAL INSTRUMENTS AND INTERMEDIARIES

- 4.1. Review the most appropriate financial instruments for Social Economy organisations and promote their dissemination at the national and local level.
- 4.2. Accelerate and strengthen the implementation of the road map for the Social Investment Package proposed by the European Commission and endorsed by the Council in March 2013.
- 4.3. Ensure that Social Economy organisations will not be excluded from the EU structural funds' financial resources available for SMEs and mainstream entrepreneurial initiatives developed under the regional and national operational programmes.
- 4.4. Empirical evidence and practitioners' experience widely documented that (bank-financed) Social Economy organisations have a significantly lower rate of non-performing loans (lower default rates). Hence lending to Social Economy organisations should deserve a social supporting factor (similar to that of SMEs) in Capital Requirement Rules (CRR). Such a measure would not affect sustainability of banks while at the same time will boost lending to Social Economy organisations.
- 4.5. To this end the development of internal rating models, which would capitalise on the extensive experience of Social Economy financial institutions to employ soft information and hard data when supporting Social Economy organisations, is considered essential in order to adequately assess the value at risk of these transactions/forms of credit. Regulators and banking authorities need to work hand in hand with Social Economy financial intermediaries in order to introduce risk assessment tools which combine the internal rating models with the traditional market approach.
- 4.6. Forms of patient and "brother" capital investment schemes such as those of coop mutual investment funds where a share of members' earnings is invested to finance coop start-ups of new members should be enhanced further or reactivated by reinforcing members confidence in cooperative development.
- 4.7. Accumulated experience in the field has proven that socially responsible investors are willing to accept a lower return on their investments when supporting social enterprises, as they value also their social impact. In this line the European Investment Fund (and institutional investors in general) should also be financing Social Economy organisations

at rates that socially responsible investors are willing to pay on the market (and not higher).

- 4.8. Socially responsible investors ready to accept lower market rates will multiply in the short/medium term, provided that the right institutional solutions are in place to reduce perceived risk. To this end guarantee funds are precious as they meet investors' high risk aversion, satisfy the sector's needs for long-term capital, and support social innovation start-ups.
- 4.9. Crowd-lending schemes (where part of the loans is provided at market rate by traditional lenders, part of it by community members at subsidized or even zero interest rates and the capital provided by community members is guaranteed by the traditional lenders) may lower significantly the cost of loans that private lenders would be willing to apply.
- 4.10. An interesting, and rather recent, development in the Social Economy refers to workers buy out initiatives, which are considered a potentially powerful instrument for social sustainability. To support the innovative and sound workers buy out projects a mixed approach that will employ patient equity partners and guarantees coupled with the workers' own/pooled resources is required.

WG 5. NEW TRENDS AND FORMS OF SOCIAL ECONOMY

- 5.1. It is important to design effective modalities of engagement of new generations in the Social Economy. New generations sometimes underestimate both the long standing history and the potential of the Social Economy for developing new innovative entrepreneurial ideas.
- 5.2. National and European networks should be developed for: disseminating knowledge on the Social Economy; breaking down artificial barriers and supporting the achievement of economies of scale (consortia and umbrella organisations). Networks should be developed at three different levels: national, European and with emerging countries.
- 5.3. When dealing with policy measures, we should learn from the good and bad practices. Rather than transplanting legislation and policy measures from one context to another, national legislators should design specific legislations/policies tailored to the local context with a view to fully exploiting the richness and variety of the locally based Social Economy forms. Good practices at the national level could inspire further actions in other countries. What EU institutions could do to support the growth of Social Economy is to both disseminate and support the replicability of good practices.
- 5.4. Capacity building seminars and conferences should be promoted by both national governments and EU institutions to strengthen the knowledge of policy makers, public authorities/servants and practitioners. Key issues to be clarified should include the specificity of the Social Economy and the legal opportunities existing at the national level, especially in countries where the Social Economy is poorly developed.
- 5.5. The role of Social Economy organisations in the transformation and evolution of contemporary societies, welfare systems and economies should be acknowledged by regional, national and European policies with a view to exploiting their contribution to

supporting economic, social and human development across and beyond Europe. To this end both old and new forms of Social Economy have a key role to play.

WG 6. EMPLOYMENT AND THE SOCIAL ECONOMY

- 6.1. To develop comprehensive legal frameworks (like the one recently adopted in Spain) in order to promote and support the Social Economy and maximize its impact in terms of employment.
- 6.2. To promote specific training and education, both by including social economy-related topics in the curricula of secondary schools and universities and by creating Erasmus-type programmes to offer internships in Social Economy organisations, in order to give young people across Europe a variety of experiences in the Social Economy.
- 6.3. To strengthen the funds designed to preserve employment by successfully restructuring enterprises through worker buyouts. This should be done both by broadening the scope of their interventions (e.g. by funding purchase of immaterial goods like patents and licenses as well as equipment etc.) and by giving them direct access to the European Investment Fund.
- 6.4. Social Economy organisations should strive to build up their reserves, as capitalization is key in order to be able to make the necessary investments and provide continued support for their members and workers.
- 6.5. With respect to work integration social enterprises, it is important to monitor the implementation of the new European public procurement directive and ensure that the provisions related to worker integration are applied correctly at the national level.
- 6.6. The incentives and subsidies for worker integration social enterprises should be tied to the types of disadvantaged workers they work with. Enterprises that work with more disadvantaged workers face higher costs and should be supported more.

WG 7. THE CONTRIBUTION OF RESEARCH, EDUCATION AND STATISTICS

- 7.1. In an ideal world, all policy would be evidence-based, rather than based upon ideology. The quality of evidence is thus an imperative. Systematic data collection seems to be a problem with the Social Economy in particular due to the contested nature of the phenomenon. Better co-ordination and learning from best practice is required among the various bodies charged with gathering statistics in order to establish a working definition and thus potential population sizes.
- 7.2. To take stock and recognise that there is a wealth of research being produced which is not being utilised to its maximum effect. Better use needs to be made of research,

including knowledge of the state of the art, and the contours of the landscape; how the sector looks and feels across Europe.

- 7.3. European programmes should prioritise issues relating to the Social Economy. Particular emphasis should be placed upon transversal, multi-disciplinary work. Greater flexibility within programmes is required in order to reflect the inductive or abductive nature of knowledge generation in the social sciences. In other words, greater recognition requires to be given that, in many cases, not everything can be hypothesised or even thought about at the beginning of a research project in the social sciences, and programmes should be flexible enough to cope with changes in tack or direction.

WG 8. COLLABORATING WITH OTHER ACTORS: CORPORATIONS AND TRADE UNIONS

- 8.1. New collaboration models should be explored, and examples of good practice in terms of sustainability and impact should be showcased. Rather than creating partnerships and collaborations for specific one-off projects, more time should be invested by the stakeholders in understanding each other's interest and finding the common points, i.e. the individual with his/her multidimensional needs and resources, in this way establishing stronger, long-term and more sustainable collaborations.
- 8.2. The plurality of actors and collaboration models within the Social Economy has great potential to strengthen democracy and should be promoted by all stakeholders.
- 8.3. Participative decision-making and governance systems are key both for the Social Economy organisations, for profit actors and within cross-sector collaborations, as they reinforce the goals pursued and avoid mission drifts.

WG 9. SOCIAL IMPACT: WHAT SHOULD BE MEASURED AND REPORTED, AND HOW?

- 9.1. As Social Impact Measurement (SIM) does not seem to be a consensual issue, more knowledge is needed to help structure the field and to create a culture of measuring the social impact. Social enterprises must be at the heart of the evaluation/measurement process and they have to choose the metric that is better tailored to capture their specific added value. This choice has to be done in cooperation with the funders (private or public investors) and when applicable.
- 9.2. The measurement of the social impact has to stay proportionate and the issue of costs of it and capacities of delivering meaningful measurement have to be carefully addressed.
- 9.3. To promote more knowledge sharing together with some experimentation rather than too quickly put SIM in any legal contexts.
- 9.4. To link SIM to the European Commission's Social Investment Package overall objectives and to those of the Social Business Initiative, clearly stating that social impact

measurement and funding of social enterprises aims to be supportive of the development of social enterprises.

- 9.5. SIM has to be connected to the reality of the ground. In order to do so, it is important that the people who measure the impact of social enterprises know how social enterprises work, their aims and models and that social enterprises themselves are central in the measuring process.
- 9.6. To build on the work done by several EU and international institutions to have a tailored approach, centred on the needs and mission of the social enterprises and not primarily on the needs of the funders, which empowers social enterprises and helps build their capacities.
- 9.7. To foster a culture of measurement of the social impact. This cultural shift has to be accompanied by allowing social enterprises to enter the field with trust, transparency, clarity and resources.

WG 10. SOCIAL ECONOMY AND INTERNATIONAL COOPERATION

- 10.1. Social Economy should be included in the Post-2015 Agenda as a pathway to sustainable development and to a more inclusive society based on participation and the importance of real economy.
- 10.2. Public policies and legal frameworks should support international cooperation actions in order to create an enabling environment for Social Economy actors worldwide.
- 10.3. The EU should support investments in research, capacity building and training through international projects creating networking platforms involving all (Southern and Northern) Social Economy actors.
- 10.4. The EU should support the establishment of a European task force composed by Social Economy actors engaged in development cooperation.