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European Union

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from:	General Secretariat of the Council
to:	Permanent Representatives Committee (Part I) / Council
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Subject:	The promotion of the social economy as a key driver of economic and social development in Europe - Draft Council Conclusions

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The Presidency has tabled a set of draft Council Conclusions on "The promotion of the social economy as a key driver of economic and social development in Europe".

At its meeting on 3 November 2015, the Working Party on Social Questions reached an agreement on the text as attached. Changes in relation to the previous document (13414/15) are indicated in bold.

The Committee is invited to forward the draft Conclusions to the Council (EPSCO) for adoption at its session on 7 December 2015.

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# The promotion of the social economy as a key driver of economic and social development in Europe

## Draft Council Conclusions

The Council of the European Union

### RECOGNISING THAT:

1. The social economy, which unites a large and rich variety of organisational forms shaped by diverse national and welfare contexts but with shared values, characteristics and goals, combines sustainable economic activities with positive social impact, while matching goods and services to needs. It plays an important role in the transformation and evolution of contemporary societies, welfare systems and economies thus substantially contributing to economic, social and human development across and beyond Europe and are supplementary to existing welfare regimes in many member states.
2. The social economy further contributes to several key EU objectives, including the achievement of smart, sustainable and inclusive growth, high-quality employment, social cohesion, social innovation, local and regional development and environmental protection. It is also an important tool which contributes to ensuring people's well-being. Even more important, the social economy is a sector which has weathered the economic crisis much better than others and is gaining increasing recognition at European level<sup>1</sup>.
- 2a. In the last few years, the social economy has increasingly gained political visibility as a sector that constitutes an important pillar notably in terms of employment and social cohesion across Europe and which is also key to achieving the goals of the Europe 2020 Strategy.

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<sup>1</sup> CIRIEC Report (2012): The social economy in the European Union

- 2b. Already in 2009, the European Parliament adopted a Resolution which recognised the social economy as a key operator for fulfilling the Lisbon Strategy objectives.<sup>2</sup>
- 2c. In its Communication, "Towards a Single Market Act - For a highly competitive social market economy – 50 proposals for improving our work, business and exchanges with one another"<sup>3</sup>, the Commission clearly stated that the first decade of the 2000s has revealed the huge innovative potential of the social economy across and beyond Europe and underlined this sector's contribution to finding innovative solutions to major socio-economic problems, many of which arise from social exclusion and the ageing of the population.
- 2d. The 2014 Rome Strategy<sup>4</sup> identified the areas where intervention is needed according to the various actors who have worked to promote the spread and strengthening of the social economy as a key driver of economic and social development in Europe.
3. Building on the strengths of a long social economy tradition, social entrepreneurs are drivers of change and actively participate to the development and implementation of innovative solutions to the major economic, social and ecologic challenges currently faced by the European Union.
4. Social economy enterprises refer to a universe of organizations based on the primacy of people over capital and include organisational forms such as cooperatives, mutual, foundations and associations as well as newer forms of social enterprises<sup>5</sup> and may be regarded as vehicles for social and economic cohesion across Europe as they help build a pluralistic and resilient social market economy. Acting in the general interest, social economy enterprises create jobs, provide socially innovative services and goods, facilitate social inclusions and promote a more sustainable and locally anchored economy. They are based on solidarity and empowerment principles.

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<sup>2</sup> European Parliament Resolution of 19 February 2009 (2008/\*2250 (INI))

<sup>3</sup> COM(2010) 608 final.

<sup>4</sup> As adopted under the Italian Presidency, on 18 November 2014.

<sup>5</sup> The concept of 'social enterprise' is to be understood similarly to the EaSI Regulation (OJ L 347/238, of 20.12.2013).

5. Social economy enterprises are economic actors whose main purpose is to create a positive social impact. By definition, social economy enterprises use the majority of their possible profits as a means for achieving their primary social objectives, rather than maximizing profits for their owners and shareholders. Their activities rely primarily, but not exclusively, on limited profit distribution business models, whereby most of their surpluses are re-invested in further development of their activity.
6. (moved to point 2A)
7. (moved to point 2B)
8. (moved to point 2C)
9. The Commission Social Business Initiative<sup>6</sup> set out a comprehensive action plan to support social innovation and help create a favourable climate for social enterprises, in close partnership with the Member States and various stakeholders. This Initiative identified three strands of action that would make a real difference and improve the situation on the ground for social enterprises: improving access to finance, giving greater visibility to social enterprises and optimising the legal environment.
10. The 2013 Social Investment Package<sup>7</sup> gave guidance to Member States on more efficient and effective social policies and reaffirmed that social investment is about investing in people in order to strengthen people's skills and capacities and help them to participate fully in employment and social life. At a time when Europe is facing enormous challenges in terms of unemployment and social exclusion as well as demographic change, social economy enterprises have an important role to play in strengthening women and men's current and future prospects in both society and the labour market.

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<sup>6</sup> COM(2011) 682

<sup>7</sup> COM(2013) 83 final

11. In the Strasbourg Declaration<sup>8</sup>, over 2 000 stakeholders, including policy makers, social entrepreneurs and supporters of social enterprises, representing the rich diversity of the social economy in Europe, re-affirmed that social enterprises need to play a bigger role in the future of Europe whilst identifying new ideas and actions to unlock their potential to foster smart, sustainable and inclusive growth.
  
12. The European Economic and Social Committee Milan declaration<sup>9</sup> on action to be taken at EU level drew up a series of proposals and general recommendations on effective support for social innovation and social investment policy. Notably, the declaration states that it is the State and public authorities at large which have the ultimate responsibility for ensuring equal and universal access of citizens to a high standard of welfare, and that second-line provision are typically a complementary addition to, not a replacement, of first-line and state-based provisions.
  
- 12a. The Resolution adopted by the European Parliament in 2015 stressed the role of Social Entrepreneurship and Social Innovation in combatting unemployment<sup>10</sup>.
  
13. (moved to point 2D)
  
14. The Luxembourg Presidency's Roadmap on boosting social economy enterprises in Europe<sup>11</sup> is focusing in particular on the development of social economy enterprises, whilst highlighting the importance of a comprehensive "ecosystem" for the social economy in Europe. It lays particular emphasis on the need to develop an adequate financial ecosystem capable of providing effective support for social innovation.

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<sup>8</sup> Empowering social entrepreneurs for innovation, inclusive growth and jobs", adopted on 16/17 January 2014.

<sup>9</sup> "Boosting innovation for a better social outcome" (adopted by the European Economic and Social Committee on 23 October 2014).

<sup>10</sup> European Parliament Resolution of 30 July 2015 (2014/\*2236 (INI))

<sup>11</sup> To be adopted on 4 December 2015 before the EPSCO December Council.

14a. The international debate on the development of the Social and Solidarity Economy is growing and could contribute to shape the 2030 agenda for sustainable development.

INVITES THE MEMBER STATES AND THE COMMISSION WITHIN THEIR RESPECTIVE SPHERE OF COMPETENCE AND WITH DUE REGARD TO THE PRINCIPLE OF SUBSIDIARITY, TO:

15. Establish, implement and further develop, as appropriate, European, national, regional and/or local strategies and programmes for enhancing the social economy, social entrepreneurship and social innovation. The various strategies and programmes should be based on a constructive dialogue between European, national, regional and/or local authorities and all relevant stakeholders.

*In the area of awareness, recognition and education:*

15a. Improve the visibility of the social economy, where relevant by developing partnerships, in order to ensure sufficient knowledge for policy making and a better recognition of activities undertaken by relevant stakeholders, including social economy enterprises, and the impact they generate for the society.

16. Make efforts to further document the effective contribution of the social economy to the major macro-economic aggregates. As all policies should be evidence-based, Eurostat and national statistical authorities should consider developing and implementing satellite accounts in their respective statistics aimed at establishing the effective contribution of the social economy to economic growth and social cohesion in the European Union.

16a. Consider how best to monitor progress in the field of social innovation, using existing social indicators based on activation, empowerment and community involvement, by making use of **relevant strategic reports** presented to the Social Protection Committee.

17. Where appropriate, promote capacity-building initiatives to enhance the knowledge and awareness of policy-makers, civil servants and practitioners of the specific features of the social economy and social economy enterprise and of the opportunities that exist at the European, national and local levels, particularly in countries where the social economy remains under-developed. In this context, to make use of digital skills and digital literacy is also relevant.
18. Continue to develop and support disseminating knowledge and experience regarding social economy enterprises, breaking down possible artificial barriers and supporting the achievement of economies of scale, for instance with national and European networks. In addition, effective networks and experience-sharing should be further enhanced with developed and emerging countries.
19. Pay special attention, where relevant, to developing and pursuing effective ways of involving young people in the social economy, for instance by encouraging the inclusion of social economy-related topics in the curricula and the activities of all levels of education and training. Social economy enterprises and organisations working with them should be encouraged to use the opportunities provided by Erasmus+ and other programmes for internships across Europe, thus giving young people a possibility to develop specific skills and competences as well as to improve their understanding of the social economy while developing their skills and knowledge.
20. (content integrated into point 19)

*In the area of social innovation:*

21. Foster more systematically the uptake of social innovation for better social outcomes in European and national agendas by better connecting the different policy areas, favoring integrated approaches, and promoting broader partnerships among relevant stakeholders. Equally, this policy development should empower both individual beneficiaries and local communities, and should implement the principle of gender mainstreaming, including gender impact assessment. The Commission and Member States should aim for major policies and instruments, such as the EU Programs Horizon 2020, structural funds and better regulation policy initiatives, to be effectively deployed to support social innovation and social economy enterprises.
22. Continue to develop **an appropriate** ecosystem for social economy enterprises at the EU and Member State levels so as to unleash their full potential as catalysts of social innovation. Pay special attention also to the development of social enterprise hubs, incubators, accelerators, and other scaling-up mechanisms.
23. The European Commission and national, regional and local authorities should, where appropriate, closely monitor the impact, transferability and contributions of new social innovation partnerships whilst recognizing and supporting the respective roles of the stakeholders in the development and implementation of socially-innovative solutions.

*In the area of the regulatory environment:*

24. Recognise the importance of sound and comprehensive legal frameworks when unleashing the potential of social economy enterprises and maximizing their positive social impact in terms of growth and employment.



25. Where appropriate, design specific policies tailored to the national context particularly with a view to fully exploiting the wealth and diversity of locally-based social economy enterprises. Member States could develop their own regulatory instruments, taking into account the specific requirements of local social economy enterprises.
26. Where appropriate, design incentives tailored to the national context in order to support the development of social economy enterprises at each stage of their lifecycle.
27. Take note of the possibilities provided by the new public procurement directives for social economy enterprises and encourage awareness of these possibilities among European, national, regional and local authorities, as well as social economy enterprises.
28. Support fair and normal business co-operation between social economy enterprises and more traditional, profit-oriented firms, for example by encouraging the development of social "intra-preneurship" start-ups within traditional companies. In addition to public procurement, specific support could be provided to develop constructive and sustainable private procurement relationships.

*In the area of access to finance:*

- 28a. Analyse which financial instruments are the most appropriate and promote their dissemination at all levels in order to establish a comprehensive financial ecosystem and enable the development and growth of social economy enterprises.
- 28b. Provide access, make available and publish information, where relevant by developing partnerships, on funding possibilities for social economy enterprises. Where appropriate, simplify organizational and administrative requirements enabling the newly established social economy enterprises to start their activities.

29. (moved to point 30)
30. Consider the need to set up and develop specific guarantee schemes geared to meeting investors' high risk aversion, satisfying the sector's needs for long-term capital, and supporting both existing social economy enterprises and socially-innovative start-ups. Bear in mind that socially-responsible investors may be willing to accept a lower return on their investments when supporting social economy enterprises, as they value the social impact and not just the financial return, provided that the right institutional mechanisms are in place for reducing their perceived risk.
31. Make active use of EU instruments such as the ESI Funds, the EaSI programme and Horizon 2020, so as to build up the investment capacity of the relevant intermediaries and the investment readiness of social economy enterprises.
- 31a. Encourage the mobilisation of **private resources in** equity or quasi-equity as a means to foster the growth of social economy enterprises.
32. (moved to point 28A)
33. Where appropriate, support innovative and sound enterprise creation also in the form of workers' buy-out projects.

INVITES THE COMMISSION TO:

34. In the framework of the Europe 2020 strategy review, take into consideration social economy, social innovation and social investment policies.
35. (content integrated to point 16A)

36. [...]
- 36A Support the growth of the social economy in Europe by disseminating good practices and promoting capacity-building through the sharing of practical experiences.
37. (content integrated to point 39)
38. Promote and support the social economy vis-à-vis national and local authorities in countries where unemployment rates, and in particular youth, female and vulnerable groups' unemployment rates, are high.
39. **Support** concrete proposals for setting up peer reviews on the social economy and social entrepreneurship policies and measures. Peer reviews could support experience-sharing and foster best practices among Member States, including where relevant on national action plans supporting the social economy, always taking into account the national specificities.

ENCOURAGES SOCIAL ECONOMY ENTERPRISES AND SOCIAL ENTREPRENEURS TO:

40. Become actively involved in the development of Europe-wide policies and strategies promoting their sector of activities. Social economy enterprises and social entrepreneurs should themselves take further initiatives to develop awareness and visibility of their sector and its impact as well as direct co-operation between themselves, with public authorities and with other stakeholders.
41. Concentrate in the social objectives by incorporating an appropriate enterprise culture and methods, **further improving the representation of women and youth in the governance, favoring the process of innovation and experimentation and fostering the culture of evaluation.**