



SOCIAL ENTREPRENEURSHIP IN TIME OF CRISIS

Social Economy in the EU: an overview



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S.E. in EU in numbers

- Across the 27 Member States, the social economy includes more than 4.3 million entities
- At least 11.5 million people³ – 6.3% of the employed population in the EU – are occupied in the social economy
- The revenues generated by the social economy accounted at least for a turnover of EUR 912 billion in 2021

Data from: 'Benchmarking the socio-economic performance of the EU social economy'

<https://euricse.eu/wp-content/uploads/2024/09/benchmarking-the-socio-economic-performance-of-the-EA0224285ENN-1.pdf>



Social Economy Entities

- The social economy encompasses a variety of businesses, organisations and different legal entities. They share the objective of systematically putting people first, producing a positive impact on local communities and pursuing a social cause.
- Social economy organisations can include non-profit associations, cooperatives, mutual societies, associations and foundations and social enterprises



What is a social enterprise?

Different definition under different legislation!!

Large heterogeneity of national approaches, justified by the need to adapt to specific traditions and contexts

[https://www.europarl.europa.eu/RegData/etudes/STUD/2017/583123/IPOL_STU\(2017\)583123_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/583123/IPOL_STU(2017)583123_EN.pdf)




A vertical image on the left side of the slide showing a close-up of wood grain with various shades of grey and black, creating a textured, wavy pattern.

Different definition also under EU legislation

Reg (EU) 1296/2013 define as the entity, regardless the legal form, in which:

- positive impact is more important than profit
- service/products generate a social return
- profits are used primarily to achieve the social impact
- Management is entrepreneurial



Commission's Social Business Initiative of 2011 (COM/2011/682): "A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities". The concept of social economy traditionally refers to cooperatives, mutual undertakings, associations and foundations.

EU Parliament propose a new definition of Social Enterprise:

the boundaries of the concept of 'social enterprise' are giving rise to important discussions among social scientists and lawyers and ask for a better recognition of the concept of 'social and solidarity-based enterprise' by establishing a basic legal definition

European Social Economy Label

Resolution P8_TA(2018)0317 with proposal to the Commission:

- Open to PROFIT ORGANITATION
- RECOGNIZE THE DIFFERENCE BETWEEN SOCIAL AND SOLIDARITY-BASED ENTERPRISES
- CREATE AN EUROPEAN S.E. LABEL based on clear criteria and giving a cross-cutting and definitive legal definition
- Highlights the social impact of work-integration social enterprise: helping those commonly excluded from the labour market
- Minimum criteria: be a socially usefull activity!

Minimum criteria to be a S.E.



Have a Social impact in the field of:

- Social integration of vulnerable people;
- Labour market integration;
- Reduction of gender inequality;
- Creating opportunities in: health, education, decent housing

Comply with best practice in terms of working and employment conditions: it should be a quality job!

Respect the principle of fair competition

EU Commission reaction



- a) Introduction and promotion of a "European Social Economy" label
It's not really useful, in the commission opinion

Despite their diversity, social enterprises mainly operate in the following 4 fields

Work integration - training and integration of people with disabilities and unemployed people

Personal social services - health, well-being and medical care, professional training, education, health services, childcare services, services for elderly people, or aid for disadvantaged people

Local development of disadvantaged areas - social enterprises in remote rural areas, neighbourhood development/rehabilitation schemes in urban areas, development aid and development cooperation with third countries

Other - including recycling, environmental protection, sports, arts, culture or historical preservation, science, research and innovation, consumer protection and amateur sports

- The GECES (Commission Expert Group on the Social Economy and Social Enterprises) advises the European Commission on policies related to the social economy and social enterprises.
- Composed of 27 experts from the private sector, 27 from the public sector, and observers from organisations like the OECD and the UN, GECES provides essential expertise. The group assists the Commission in implementing measures from the action plan for the social economy, developing the Transition Pathway for the 'Proximity and Social Economy' industrial ecosystem, and preparing legislative proposals. Additionally, GECES facilitates the exchange of best practices and enhances awareness of social economy issues. The GECES Expert Group starts its third mandate in September 2024.
- Will study the possibility of an European Label

EU Commission reaction



- b) Support to the development of a favourable legal environment for social enterprises

Legal frameworks are an important, while not indispensable, tool for establishing social enterprises. They provide clarity insofar as they define which entities can be considered as social enterprises and regulate the fiscal aspects of their operations.

Support structures can play a central role in nurturing social enterprises' creation and growth.

- <https://betterentrepreneurship.eu/en/home>

This online tool allows users to assess and learn about social enterprise ecosystems.

Commission will work on guidelines to help Member States build favourable ecosystems for the social economy

EU Commission reaction



- c) Support to the exchange of good practices and collection of data

Special group on a **code of conduct for social economy data management and sharing**

The European Commission is developing a Code of Conduct for data management and sharing in the social economy, as announced by the social economy action plan (2021) and the transition pathway for proximity and social economy (2022).

This initiative aims to enhance data use and technology adoption within the social economy sector. A drafting committee, composed of up to 21 selected experts, will create guidelines to help social enterprises collect, process, and share data effectively. This code will foster innovation, sustainability, and resilience in the social economy, supporting the EU's green and digital transition goals. We will present the code during the final event on 28 November 2024 in Brussels.

EU Commission reaction



d) Take into account social economy enterprises' needs in other European Union policies

social enterprises are welcome to apply under the **European Solidarity Corps**.

The programme finances projects to engage young people in solidary activities addressing societal challenges through volunteering or by setting up their own solidary projects. The programme's ambition is not only to be more inclusive but also greener and more digital.

The European Solidarity Corps finances volunteering (including humanitarian aid) and solidary projects. It is open to individuals aged 18 to 30 (35 for humanitarian aid) and to organisations in EU and partner countries.

EU Commission reaction



e) Facilitate access to funding for social economy enterprises

Microfinance and social enterprise finance are key enablers for the development of social and inclusive entrepreneurship. This is why the EU is providing support to microfinance and social enterprise finance providers in the form of both repayable and non-repayable finance to enhance their potential in creating jobs and building a more social and inclusive Europe.

The Commission has launched the following support and actions targeting microcredit providers under the **Employment and Social Innovation (EaSI) programme**:

a European Code of Good Conduct for Microcredit Provision defining a unified set of standards for the microfinance sector in Europe. To be able to benefit from an EaSI Microfinance Guarantee, non-bank microcredit providers have to sign up to the Code and banks have to endorse it;

a guarantee for microcredit providers to increase lending to micro-entrepreneurs;

a Technical Assistance programme, which provides an institutional assessment or a financial rating to microcredit providers, and supports the evaluation of their compliance with the European Code of Good Conduct for Microcredit Provision. It also provides capacity building and operates a dedicated helpdesk for microfinance providers;

an EaSI MicPro database which acts as a source of information about microcredit providers in each country.

EU Commission reaction



- e) Facilitate access to funding for social economy enterprises

In addition, equity investments in social enterprises have been piloted under the European **Fund for Strategic Investments (EFSI)** Equity instrument, namely via funds linked to incubators/accelerators and co-investments with social business angels.

The Commission also provides operating grants for EU-level networks active in the areas of microfinance and social enterprise finance. Moreover, Member States have the opportunity to support both microfinance and social enterprises through the **European Social Fund**.

Social Economy Action Plan 2021



On 9 December 2021, the European Commission adopted a **new action plan on the social economy**.

Despite the progress made under the previous initiatives, needs persist in several areas. Improving the right framework conditions for the social economy across Europe, including improved visibility and recognition and access to finance and markets are key aspects of the action plan.

It will do this through a series of initiatives in the following three areas:

- creating the right **framework conditions** for the social economy to thrive
- opening up opportunities and support to **capacity building**
- enhancing **recognition of the social economy and its potential**

Social Economy Action Plan 2021



Improving access to finance is therefore an important area of work under the Social economy action plan

The action plan also presents funding opportunities available to support the social economy.

The Action Plan studies the:

Scenarios towards co-creation of a transition pathway for a more resilient, sustainable

and digital Proximity and Social Economy industrial ecosystem

file:///C:/Users/chiar/Downloads/SWD_2021_982_F1_STAFF_WORKING_PAPER_EN_V2_P1_1681509.PDF

Top tips

S.E. definition is still not clear; funding is still a problem

A new idea of S.E. is growing. Funding became different. Private funding plays a new role.

S.E. plays a central role in proximity and digital/ecological transition

S.E. plays a role in employment and fair work condition



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