



socialplatform

Position paper on  
**SOCIAL ECONOMY**

October 2022



## Social Platform position on social economy

The social economy consists of 2.8 million entities in Europe, providing more than 13 million paid jobs and covering 6.3% of the total workforce. Its unique quality is its motivation derived from the needs of individuals and communities, putting people and the planet before profit. The actors of the social economy not only create quality jobs and ensure labour market integration of disadvantaged groups but also provide key affordable goods and services to communities, reinvest at least a part of their profits into green and social causes and set examples for resilient and sustainable business models that promote democratic principles and active citizenship.

Social Platform welcomes the adoption of the Social Economy Action Plan (SEAP) in 2021 and the increasing awareness about the role of social economy within the EU. Social Platform and its members underline that its full implementation can lead to the significant development of social economy and its mainstreaming across EU policies. The SEAP proposes about 60 actions which require further implementation. In order to create truly enabling legal, policy and financial conditions for the social economy to flourish, Member States must be dedicated actors in the implementation of SEAP. This policy position is issued in anticipation of the upcoming Council recommendation on framework conditions for social economy and new SEAP implementation measures after 2023. It articulates recommendations for an enabling environment for the social economy and is derived from the vast experiences of Social Platform's members and experts in the social economy.

The social economy helps in the fight against poverty, inequality and social exclusion and towards a fair green and digital transition, providing quality and fair jobs. Moreover, it supports the provision of essential, social and health care services, and the full inclusion of people in situations of vulnerability. However, its transversal contribution to other policy areas is often overlooked. Indeed, to reach the full value and momentum of: the European Pillar of Social Rights (EPSR), Agenda 2030 and the Sustainable Development Goals, the Green Deal, the Circular Economy Action Plan (CEAP), the EU Care Strategy, the Action Plan on Integration and Inclusion, inter alia the inclusion of Ukrainian refugees, the European Industrial Strategy, the New European Bauhaus, the Union of Equality, the Economic Governance Review and the Recovery and

Resilience Facility, social economy is crucial. However, too often, these policies are put in silos and are not developed in a holistic manner, accounting for all the aspects and advantages of the social economy. For example, there are significant opportunities to better link the SEAP and the circular economy action plan, including around public procurement endeavours, and to tap into social enterprises' role in handling waste and prioritising reuse.

The SEAP does not yet fully capitalize on and target support to a variety of groups, such as women, older people, migrants, as well as Roma social entrepreneurs and Roma beneficiaries. The SEAP should support social economy structures to put in place measures and initiatives in order to combat discrimination, including antigypsyism, gender, age and other forms of discrimination. Furthermore, Work Integration Social Enterprises (WISEs), whose core mission is the social and professional integration of workers with support needs<sup>1</sup>, are only mentioned once in the plan for the sake of description, though they play a crucial role in bridging the labour market integration gap for several disadvantaged groups. The same could be said for social economy social service providers. The social economy is also a crucial tool supporting persons with disabilities and assisting their transition towards the open labour market, which they do through the provision of accessible training programmes and ensuring that workers are free from discrimination when it comes to upward mobility, promotion and pay-scale progression. Finally, the social economy should be supported to lead by example as a form of economic activity based on democratic governance and solidarity, including through workers' engagement, all of which are fundamental elements of the social economy.

While specific goals for 2022 and 2023 were foreseen in the plan, concrete actions for the years ahead until 2030 should be developed. The implementation of the SEAP mandates a long-term vision with clearly established targets.

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<sup>1</sup> Blueprint for Sectoral Cooperation on Skills in Work Integration Social Enterprises, 2021, <https://www.bwiseproject.eu/en/project>

To fully capitalize on the benefits of the social economy, Social Platform recommends the following to the European Commission:

## **1 Present a robust Council Recommendation on developing social economy framework conditions**

A basis for the forthcoming recommendation in 2023 could be the ILO Conclusions on decent work and the social and solidarity economy adopted at the 110th International Labour Conference and the OECD Recommendation of the Council on the Social and Solidarity Economy and Social Innovation. Although it should be noted that in these documents WISEs are not mentioned. Member States will be in charge of the implementation of the Council Recommendation. However, Social Platform underlines that some framework conditions for the social economy are covered by legislation that is determined at EU level i.e. state aid and public procurement. In order to set a genuine standard for the social economy, better framework conditions should be ensured on all policy levels. To ensure the continuous dialogue with social economy stakeholders, Social Platform is looking forward to the Single Social Economy Gateway and the national contact points, with the involvement of civil society organisations—as mentioned in the SEAP.

## **2 Ensure availability of all funding instruments to social economy entities as well as develop social economy-specific funding instruments.**

A possible pathway could be to earmark a certain percentage of ESF+ in the upcoming programming periods in support of the social economy and provide further guidance on taxation to Member States ensuring support for the activities of social economy entities in line with the newly amended EU VAT Directive and other fiscal instruments at the EU's disposal. Moreover, the social economy will need dedicated support (both funding and capacity building) in relation to the green and digital transition, and for the overall mainstreaming of the social economy. Furthermore, as the SEAP stipulates, access to finance should be improved for social entrepreneurs in the Western Balkans, Eastern Partnership and Southern Neighbourhood. The guidance and support dedicated to Member States on how to improve access to finance should also be directed towards candidate and potential candidate countries. Many social economy enterprises still face huge obstacles and InvestEU and other lines of investments are still difficult to access. A more rapid implementation of this SEAP goal is imperative, including through increased programming and intermediate-

financial bodies, increasing the understanding of the value of social economy and channeling of EU investment and recovery funds and addressing existing bottlenecks.

### **3 Better implementation for socially responsible and green public procurement**

Better implementation for socially responsible and green public procurement treating them less in silos and including market reservations to support their limited profitability models. Social clauses should be inserted in all public procurement procedures, merging social and circular business models where applicable, for public purchases to endorse labour standards, employ disadvantaged workers, and create local (green) jobs. Furthermore, social and green criteria should be increasingly made mandatory.

### **4 Improve state aid rules and increase the exceptions**

In relation to the envisaged assessment of the state aid rules, VAT regulations and public procurement, Social Platform recommends a better convergence between green and social criteria. The current exceptions concerning state aid should also be increased and new exceptions regarding social economy enterprises (including those providing care and other essential services) would be welcomed.

We recommend Member States to:

## **1 Create enabling legal frameworks**

Fully recognizing all entities<sup>2</sup> of the social economy and the transversal nature of the social economy. Currently, the legal recognition of social economy entities differs widely among Member States, which is detrimental for its harmonious development. In line with this, there is a need to develop or broaden fiscal policies and taxation systems that recognize the function of general interest and provide preferential treatment of social economy business models, including via the updated EU VAT Directive and the new social and environmental clauses in public procurement.

## **2 Promote the partnership principle**

A "partnership principle" and bottom-up approach should be embedded in the implementation of the SEAP with a commitment to engage all relevant stakeholders, including social economy actors and beneficiaries, as well as relevant civil society organisations. Social Platform notes the call on Member States in the SEAP to set up local social economy contact points that play the role of social economy ambassadors, providing peer to peer support, facilitating access to EU and national funding, and liaising with authorities managing European funds. This should happen in co-management between local authorities and the social economy.

## **3 Improve access to finance and address finance gaps for the social economy**

social economy organisations experience difficulties in accessing finance due to their inherent dual nature, as part of the regular economy and while aiming for social outputs; difficulties are particularly aggravated in the case of, for example, minority-led social enterprises. The SEAP missed out on the interlinked need to improve access to funding and existing state aid rules. Social Platform is looking forward to the-

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<sup>2</sup> The social economy is made up of cooperatives, mutuals, associations (including charities), foundations and social enterprises (including work integration enterprises, WISEs) which are active in all sectors of the economy.

European Commission's report on the possible extension of the EU Taxonomy for Sustainable Finance to social objectives and hopes that this will pave the way to addressing financing gaps. Another area of work is favouring the development of social impact finance.

#### **4 Improve access to public funding and monitoring to ensure fair access and tackle discrimination**

The implementation of the SEAP can play a key role in the fight against discrimination and exclusion on all grounds, including through access to funding. Social economy enterprises need to be eligible for all types of public funding available for traditional enterprises, including SMEs, without discrimination. This also concerns embedding quantitative and qualitative indicators to monitor progress, disaggregated by a number of factors, including for instance ethnic background.

#### **5 Consider the social economy as a key actor in labour market policies**

Capitalise on social economy in employment policies as promotor of quality employment, including for disadvantaged groups. Amplify the support for worker buyouts and business transfers to employees under the cooperative form as they help to retain jobs and ensure continuity of viable economic activities. Promote platform cooperatives since they provide better work conditions to workers and put technology at the service of the community.

#### **6 Support upskilling/reskilling of social economy workers and recognise the existing role of the social economy in re- and upskilling**

Social economy actors contribute to providing technical as well as transferable skills, besides empowering individuals that are underprivileged in the labour market. Some social economy actors like circular social enterprises also contribute to delivering skills for an inclusive green and digital transition. Moreover, it is necessary to ensure the access of social economy entities to skilled workforce (in particular in remote and rural areas) and ensure that mainstream education curricula offer information on social economy entities to popularize the social economy, including among youth.





**socialplatform**

Social Platform is the largest, leading organisation working on social issues. We have strength in numbers and put power back into people's hands who want a more Social Europe. Collectively we unite and give a voice to tens of thousands of organisations and hundreds of millions of people in Europe in all their diversity.



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