

## Statute for social and solidarity-based enterprises

Social enterprises combine entrepreneurial activity with a positive social, environmental or community impact. However, they also struggle with regulatory obstacles, access to funding and visibility. No consensus exists on a definition of 'social enterprise', which makes their regulation and funding problematic across various systems. The European Parliament is expected to vote in July 2018 on an own-initiative report, which calls on the European Commission to improve the regulatory framework by creating a 'European social economy label' scheme aimed at providing coherent legal rules in support of social enterprises.

### Background

According to a 2013 European Commission [report](#), social economy enterprises provide employment for 14.5 million people, which represents about 6.5 % of workers in the EU and 10 % of EU businesses. They operate mainly in the areas of education, healthcare, social services, work integration for disadvantaged groups, culture and environmental protection. They are also an increasingly popular choice for providing public [services](#) of general economic interest. Social enterprises in the EU take a variety of legal forms, ranging from existing ones (such as associations, foundations, cooperatives and mutuals) to new exclusively designed legal forms. A 2017 EP comparative [study](#) of the legislative frameworks for social enterprises in EU Member States highlighted that, despite some overlap between different national models and definitions, important differences remain. The study states that an EU label could give more visibility to social enterprises, improve opportunities for accessing funding and increase their mobility within the EU.

### Current EU legislative framework

Existing EU rules do not provide for a comprehensive framework. A 2003 regulation established the statute for a [European Cooperative Society](#) (SCE), whereas subsequent Commission proposals on the statute for a [European mutual society](#) (2006) and on the statute for a [European Foundation](#) (2012) did not receive sufficient support. The current proposed initiative on a statute for social and solidarity-based enterprises would offer an opportunity to establish a broader EU-level legal basis for various types of [social economy](#) actors. An EPRS [European added value assessment](#) (December 2017) on this topic explored existing challenges and recommended an EU certification (label) scheme as the best policy option to ensure balance between legal certainty and flexibility.

### European Parliament's legislative initiative

On 20 June 2018, Parliament's Committee on Legal Affairs (JURI) adopted a legislative-initiative [report](#) on a statute for social and solidarity-based enterprises with recommendations to the Commission to adopt a legislative proposal improving regulatory conditions through creating a 'European social economy label' scheme. It acknowledges the diversity of existing legal forms of social enterprises, while stressing the usefulness of a common definition. It calls on the Commission to introduce a 'European social economy label' to be obtained optionally, on request after meeting a set of criteria, regardless of the precise legal form in national legislation. It proposes criteria for the label (independence from authorities, purpose focused on general interest or public utility, socially useful activity, constraint on profit distribution, democratic governance models), a mechanism for the certification, supervision and monitoring of the label (with the involvement of the Member States), recognition of the label and reporting obligations. It suggests establishing guidelines of good practices, a revisable list of national legal forms and a revision of existing rules to create a more coherent and complete legal framework in support of social enterprises.

Legislative-initiative report: [2016/2237\(INL\)](#); Committee responsible: JURI; Rapporteur: Jiří Maštálka (GUE/NGL, Czech Republic).

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