

EPRS | European Parliamentary Research Service  
Transcript of an EPRS Podcast  
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PODCAST SOCIAL ENTREPRENEURS

Voice 1: Sarah

Voice 2: Brian

JINGLE to open intro to podcast

VOICE 1

You're listening to the European Parliamentary Research Service podcast on EU support for social entrepreneurs.

VOICE 2

Social enterprises, which strive not only to increase profits but to make society better as well, are on the rise! But they are still struggling with challenges such as lack of visibility and recognition, access to funding and different regulatory frameworks.

VOICE 1

The EU is taking decisive steps to close these gaps, but will they suffice to create a level playing field? Stay with us!

END OF JINGLE

VOICE 2

Money isn't everything... not even in the world of business!

VOICE 1

Social enterprises represent a new business model which looks beyond shareholders' wallets to achieve wider social and environmental objectives.

## VOICE 2

They represent about 10% of all EU businesses and give work to over 14 million citizens! without counting all the volunteers and unpaid workers... so how do they operate?

## VOICE 1

Social enterprises come in various forms and sizes... They can be organised as cooperatives, associations, mutuals, foundations, and even ordinary enterprises (such as SMEs). They also vary in size, ranging from small local companies to big networks or consortia! But they also have shared characteristics...

## VOICE 2

A social objective, an entrepreneurial dimension, participatory decision-making and the reinvestment of profits. They are also often highly innovative and try to provide answers to local and regional needs. So, where do we find such companies?

## VOICE 1

Well, they are actually active in many sectors: in social services -such as elderly care, childcare and social housing-, helping the integration of disadvantaged and marginalised people, in farming and food production, cultural, tourism and sports activities, and in development cooperation. But the list is much longer! And it varies greatly from country to country...

## VOICE 2

Social enterprises are also increasingly tapping into the delivery of public services, such as healthcare, education, renewable energy provision and community transport.

## VOICE 1

Their particular advantage, compared to purely market-oriented enterprises, is their attention to the social impact, ensuring that citizen's needs and concerns come before financial profits.

VOICE 2

The emergence of the collaborative and circular economy is creating new opportunities for them, but many challenges persist... especially in relation to the regulatory framework and access to finance... so let's have a look!

MUSIC JINGLE

VOICE 1

Limited access to finance is indeed one of the main obstacles for social enterprises. Because their business model doesn't follow the traditional market logic, they are often ill-understood and perceived by big investors as being "more risky" and "less profitable" ...

VOICE 2

With no numerical formulas to measure their social impact precisely... financial institutions relying on short-term exit strategies and high-return investments hesitate to invest in them... hence the need to develop an appropriate regulatory framework and tailored financial ecosystem!

VOICE 1

And the European Union has already taken the first steps in this direction!  
The 2011 Social Business Initiative focused on funding, visibility and the legal environment, to promote a more competitive social market economy.

VOICE 2

Social entrepreneurship is also identified in the Single Market Act as one of the 12 drivers of growth. Moreover, the European social entrepreneurship funds regulation facilitates investment in social enterprises through a special label which guarantees that at least 70% of capital received from investors is used to support social businesses.

VOICE 1

At the same time, the European Union is giving microcredit providers risk-sharing guarantees to encourage them to increase their lending to social businesses...

#### VOICE 2

The European Investment Bank and the European Investment Fund are also working towards the same objective: increasing access to finance for social entrepreneurs, through measures such as the Social Impact Accelerator, a kind of fund-of-funds targeting social enterprises. And that's not all...

#### VOICE 1

... the funds linked to the EU's cohesion policy are also supporting the development of social enterprises, and there are direct funding lines for SMEs to which social businesses can also apply, for instance to improve their competitiveness or to finance investment on research and innovation.

#### VOICE 2

To facilitate their development and their internationalisation, the EU has also taken steps to give social enterprises a legal status that would be recognised across Europe. But what does that mean? Stay with us...

#### MUSIC JINGLE

#### VOICE 1

At present, social enterprises are subject to very different regulatory systems depending on the country in which they are based, with different legal forms, tax incentives, business models and support structures...

#### VOICE 2

According to a European Commission report, only 16 of the 28 EU countries have specific laws for social enterprises... so to improve this, experts have suggested working on 4 main fronts: creating a legal framework for them, reinforcing opportunities in the internal market, introducing social considerations to public procurement and better implementing state aid rules.

## VOICE 1

The European Parliament is also studying proposals to introduce an EU-wide legal statute for social enterprises. Having compared existing models in member states, MEPs will recommend the introduction of a new legal form: The European Social Enterprise.

## VOICE 2

Like the European Commission and many experts, the European Parliament is a firm believer in the positive role that social enterprises can play in our economy and society. And it has long been calling for measures to help create a level playing field for such initiatives...

## VOICE 1

In 2009, MEPs advocated the need to invest in the social economy and to facilitate its recognition. In its 2013 resolution on the contribution of cooperatives to overcoming the financial crisis, the Parliament drew attention to the resilience of such businesses in times of trouble...

## VOICE 2

... and their capacity to continue creating jobs! So in 2015, MEPs called for the development of a favourable framework for social innovation to flourish, for example through greater access to public procurement, tailored financial instruments, improved access to funding, promotion measures and tax relief and incentives.

## VOICE 1

So, how does the future look for social enterprises? Will they one day be able to operate on an equal footing with others in the same sector?

## MUSIC JINGLE

## VOICE 2

Well, the truth is that despite all the obstacles, social enterprises are playing an increasing role in our economies and in our societies... Consumers are increasingly demanding goods and services with a positive social and environmental impact, and traditional companies are being pushed to follow their example and be more socially-minded...

#### VOICE 1

Social enterprises and the social economy in general are also developing solid ties with the public and private sectors, through the sub-contracting of specific services and the acquisition of goods and services produced by social enterprises.

#### VOICE 2

And serious efforts are underway at EU level to create a favourable financial, administrative and legal environment for these enterprises... However, more is needed!

#### VOICE 1

Without a better-tailored financial architecture and a system to recognize their added value and specific needs, it will be difficult for social enterprises to operate on equal footing with others and develop their full potential...

#### VOICE 2

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MUSIC JINGLE TO CONCLUDE