

# Study on the Social Economy

*prepared in cooperation with Policy Department A at the request  
of the Committee on the Internal Market and Consumer  
Protection*

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February 2016

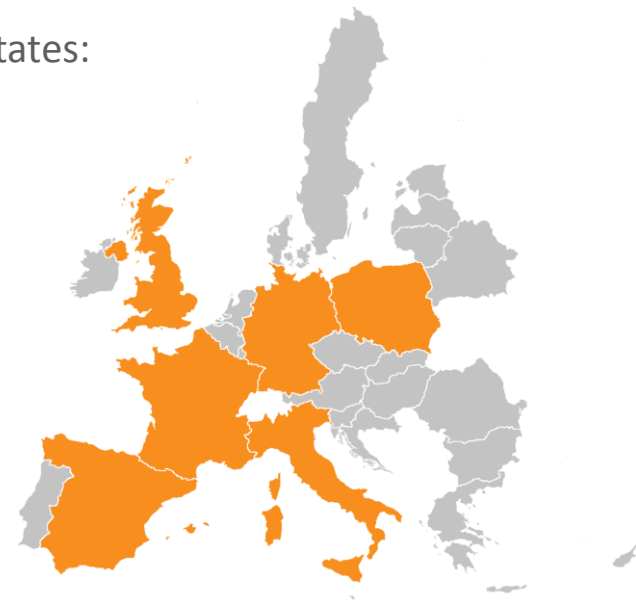


- Introduction & Scope
- The social economy - definitions and future dimension
- The social economy – issues of scope and data
- The legal dimension of the social economy
- Recommendations

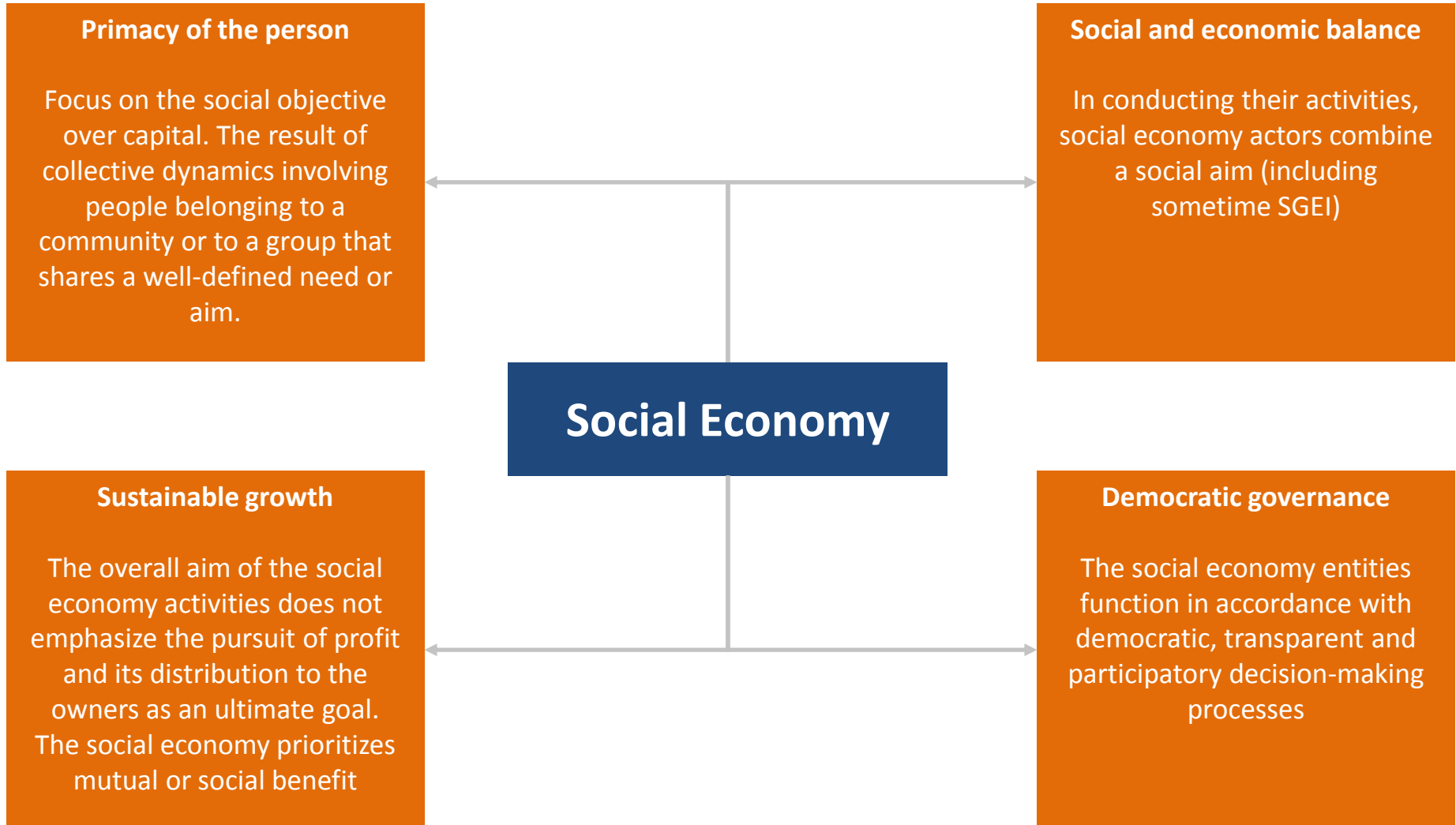


## Scope of the medium-term assessment

- Brief: Assessment of the **role** of the social economy, **obstacles** hindering its development and identify **legal frameworks** conducive to its development – in particular with regards the **DSM**;
- EU – wide study – but focus on 6 Case Study Member States:
  - ES, DE, FR, IT, PL, UK
- Methodology:
  - Interviews with EU / National associations;
  - Desk research;
  - Online survey.



## What the social economy is?

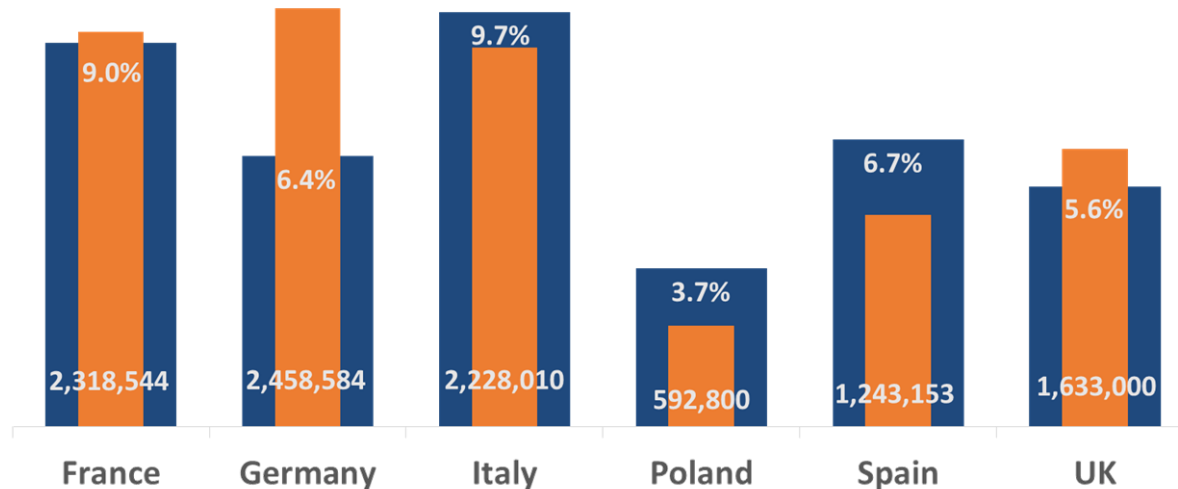


## What the social economy is not

- The main analytical difficulties to overcome in the attempt of defining the social economy, are:
  - clarifying the distinction between the different forms of social economy activities, and
  - identifying the differences standing between these entities, the other private economic players, and the public sector;
- No universally accepted definition of the social economy;
- The social economy is often associated with or mistaken for similar but different concepts (third sector, solidarity economy, alternative economy...);
- The social economy is often mistaken with some of its most known and important components: Cooperatives, Mutuels, Associations and Foundations;
- Distinctive features of the social economy can be identified - par ricochet - on the basis of what sets them apart from other enterprises (**primacy of person, sustainable growth, social and economic balance, and democratic governance**);
- Wider definition of the social economy would encompass traditional actors and more innovative form of organisations.

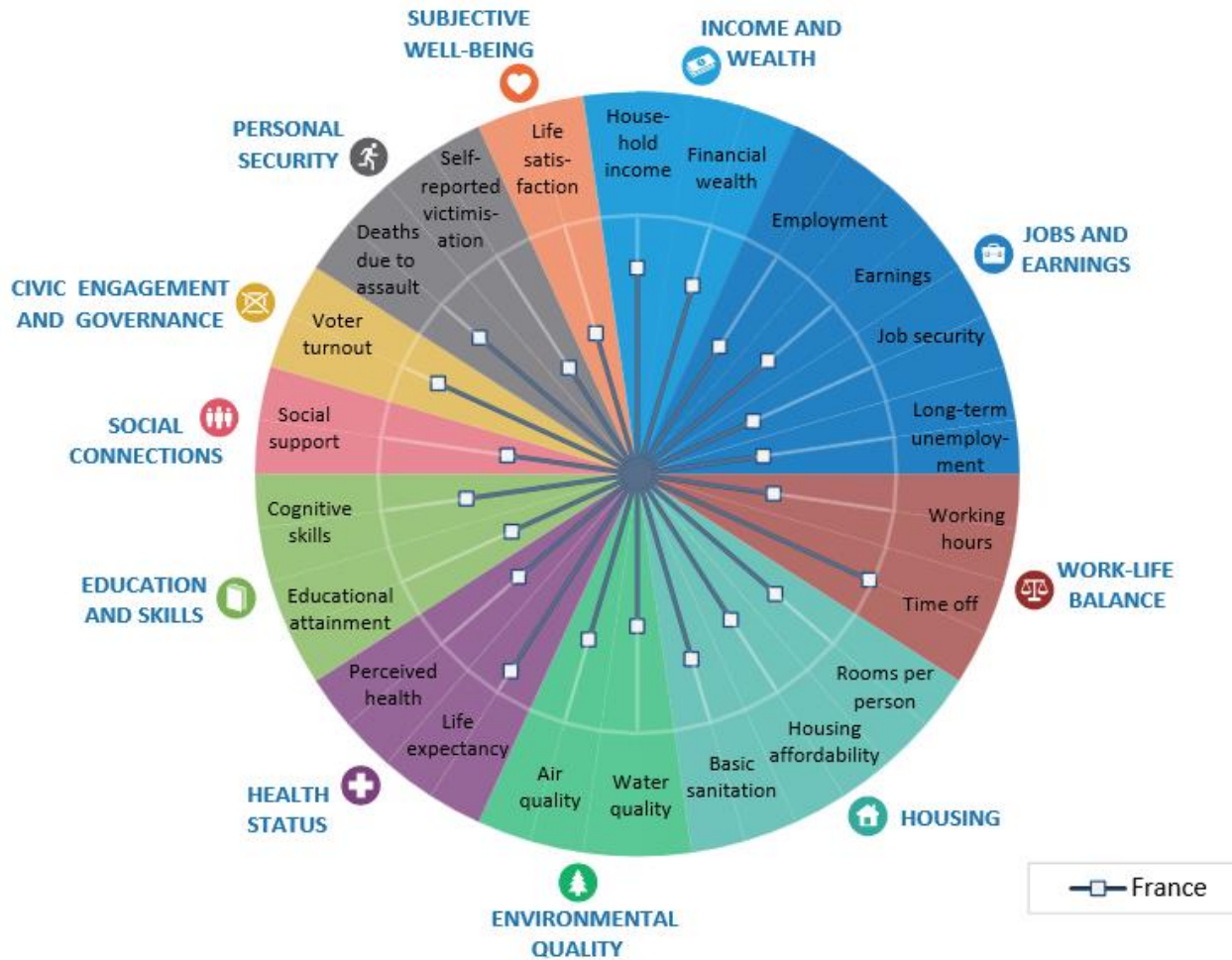
## How important is the social economy?

- There is no clear and coherent statistical information on the size of the social economy because of the lack of accepted definition, differences in the legal status, the role it plays within Member States, and different ways in which it data is collected;
- Existing figures estimate that in the EU, there are 2 million social economy entities employing 14.5 million people;



- Traditional indicators are unfit to calculate the size of the social economy as they focus on productivity and disregard key elements of the social economy:
- New ways of assessing the size of the social economy should be discussed (cf: Stiglitz/Sen/Fitoussi).

## The OECD example



A wide variety of social economy actors received progressive legal recognition across Europe

- The **legal frameworks** set up by different EU Member States to recognize and regulate the social economy reflect the degree of **social and political acceptance** granted to this socio-economic sector at the national level;
- According to the type of recognition granted to SE in different national contexts, **Member States legislation can be parted into three groups:**

## 1) MS with systematic SE recognition



ES, IT, PT, SE, FR, EI, BE

MS with overarching SE legal frameworks which tackle the SE's atomization

## 2) MS with ad hoc recognition



UK, DK, FI, EL, PL, MT, LU, BG

MS with statutory provisions covering SE organisations, but NO systematic normative approach to SE

## 3) MS with low SE recognition



HU, AT, EE, DE, LT, LV, CZ, SI, NL, CY, HR, RO, SK

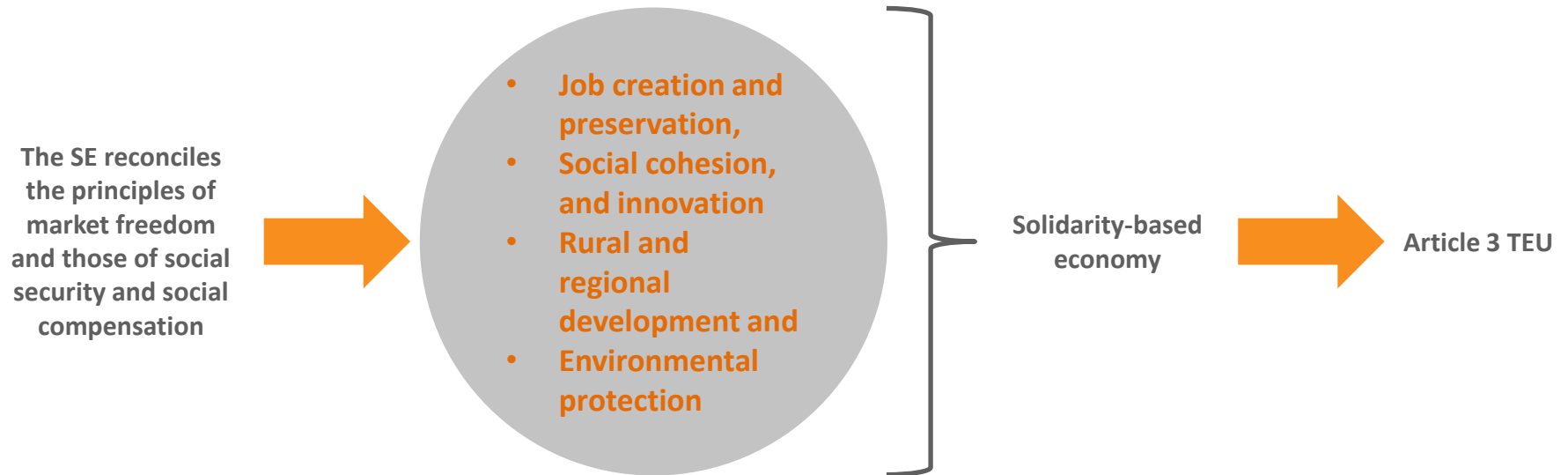
Incipient legal recognition; normative concept of SE overshadowed by other concepts (e.g. the third sector)

- **Most EU countries' national legislations recognise the traditional types of SE entities** (cooperatives; associations; foundations; mutuals);
- **Social enterprise – on the rise in EU national legislations** (20 out of 28 MS) – despite important differences remain between national definition/models.



## The social economy is embedded in EU primary law

- The social economy can be considered a **cornerstone of the European integration process, as it contribute to the economic system embraced by the European Union Treaties.**

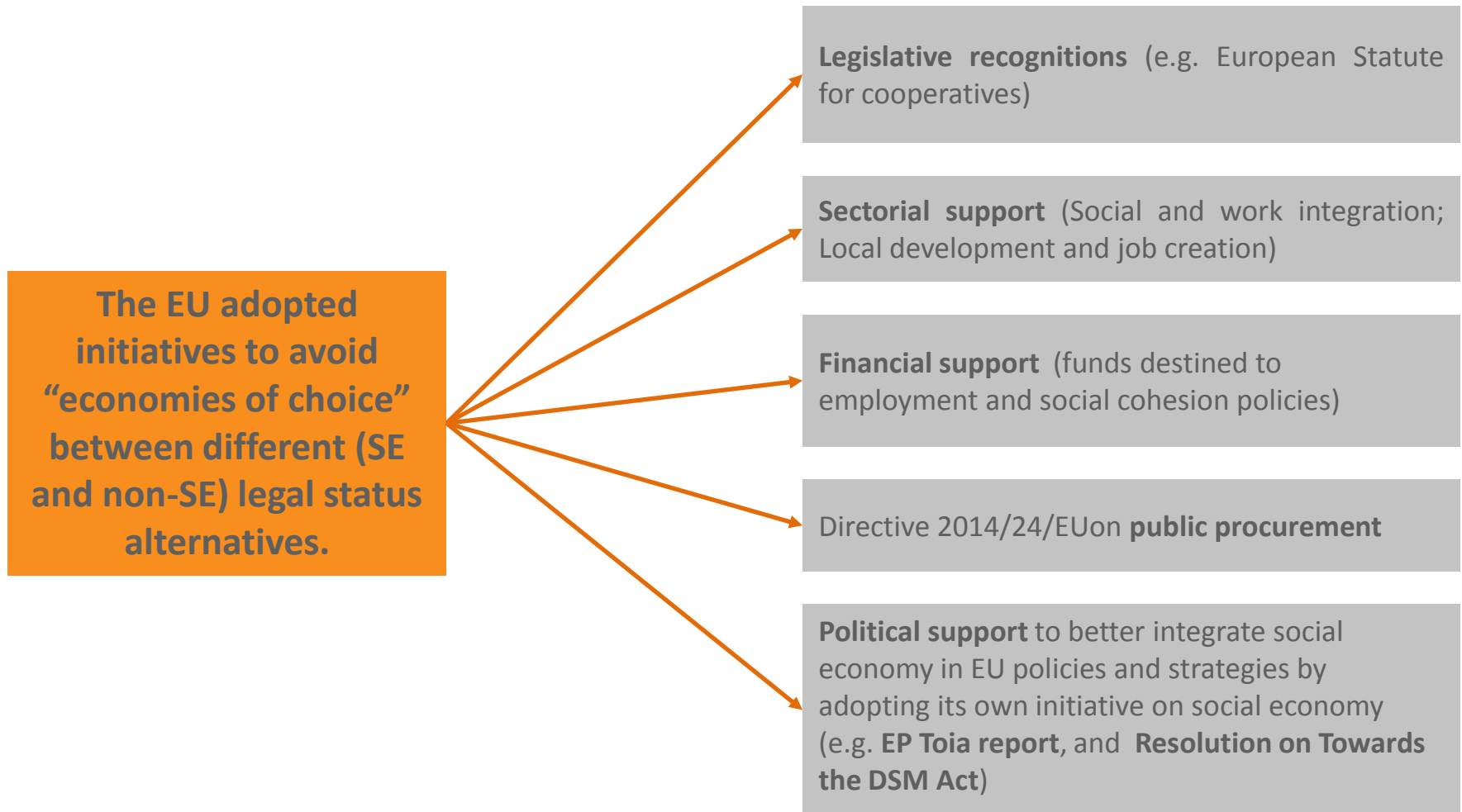


The Treaty of Lisbon (Art. 11 TEU) also recognises that the SE represents an instrument to realise participatory democracy, and prospected the opportunity to involve its actors in EU policy-shaping and decision-making processes.

In order to play an active role in the creation of a more efficient and participatory model of goods and services provision; sustain economic growth while providing innovative responses to social needs:

**The SE largely relies on the establishment of transversal institutional and normative links**

EU legislative and policy initiatives aimed at recognizing the SE actors, and granting them access to the Single Market



## Different factors allowing SE to play a buffer role against the economic crisis

### Public support

- **Improvement of legislative environment:** at the national (i.e. The Public Services “Social Value” Act in the UK ) and European level (the 2014 Directive on public procurement )
- **Financial Support:** the development of innovative funding programmes (e.g the Equal Programme, but also through crowdfunding, etc...)



### Democratic governance

- **Efficient management**
- Responsibility,
- Transparency,
- Honesty,
- Social responsibility,
- Educations, training and information, and
- Commitment toward the community.

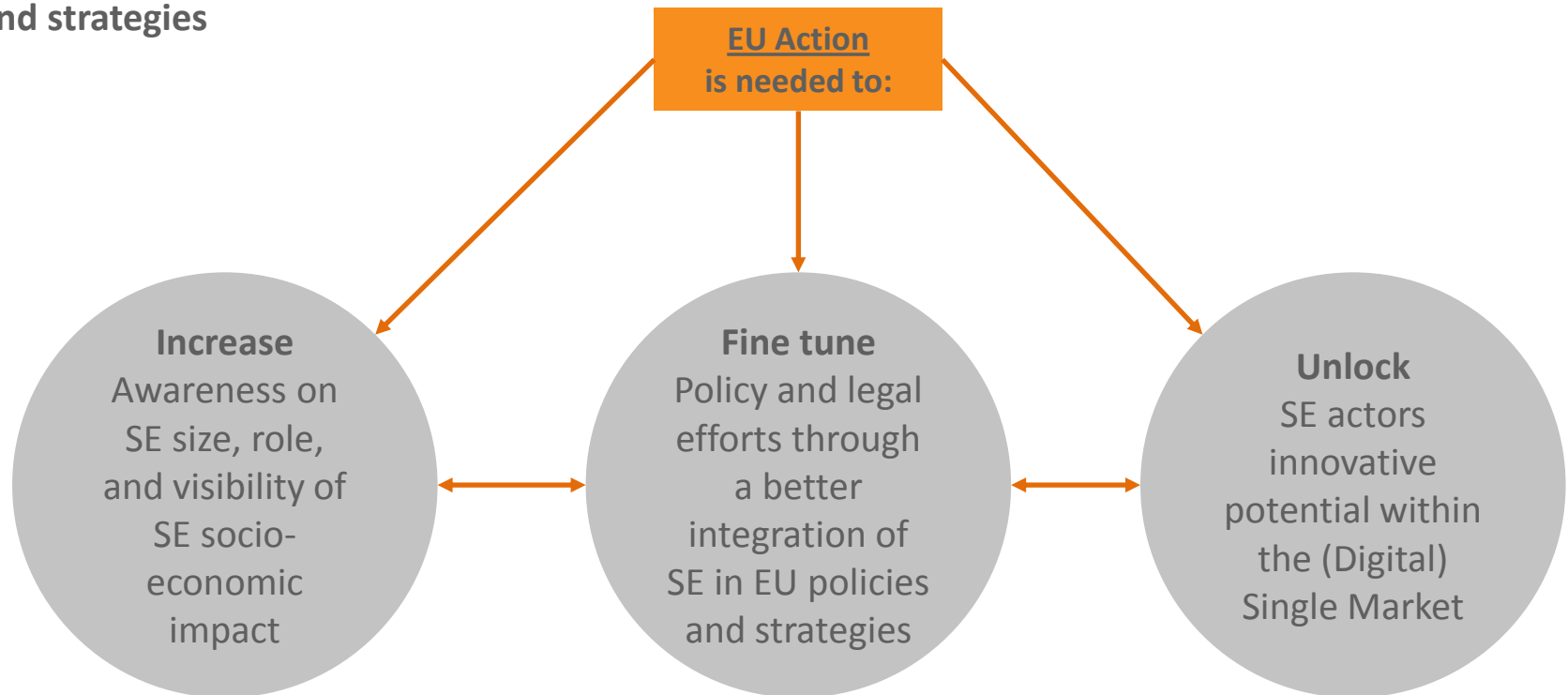


### Innovative solutions current socio-economic challenges



An OVERARCHING EU LEGAL FRAMEWORK for the social economy is not yet in place!

- Important categories (e.g. foundations, mutuals, associations) of SE actors still **do not benefit from a EU-wide legal statute**
- **ABSENCE of a specific European budgetary policy for the SE**
- Most importantly, **social economy considerations are not streamlined across relevant EU policies and strategies**



Type	Specific recommendation
Definition / Data	<p><b>1 – Set up a clear common definition (taking into account DSM)</b> - <i>social enterprises should be clearly defined along the lines of the recommendations of the Social Business Initiative</i></p> <p><b>2 – Produce comparable data based on output-based indicators</b> – <i>encourage re-examination of GDP-related indicators enhance awareness on the role played by social economy organisations - could make use of the indicators listed in the European Statistical System Committee (ESSC) Quality of life indicators</i></p> <p><b>3 – Increase awareness of the social economy</b> through soft law and non-legislative initiatives e.g. <i>continue encouraging SE through structural funds.</i></p> <p><b>4 – Facilitate access to finance</b> – through introduction of sustainable and innovative finance solutions encouragement of adequate VAT regimes</p>
EU regulatory, financial, and policy framework	<p><b>5 – Develop an overarching enabling legal, regulatory, and fiscal framework</b> – i.e. coordination of interventions and initiatives in particular soft law initiatives to support legal changes (<i>e.g. encourage EC to set up a “SE unit”</i>)</p>
Digital transformation of the social economy	<p><b>6 – Unleash the innovative potential of SE within the DSM-</b> e.g. simplify rules applying to cross-border e-commerce transactions; strengthen the role of SE online platforms, examine the possibility of an online Social Economy information system</p> <p><b>7 – Ensure role played by SE operators mitigate social “distortive effect” of new technologies</b> – encourage the establishment of collaborative platforms, education on SE d business support</p>

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