



Recent Evolutions of the Social Economy in the European Union

EXECUTIVE SUMMARY



European Economic and Social Committee



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FOREWORD by Luca JAHIER

It is with great pleasure that I welcome the publication of the study *'Recent Evolutions in the Social Economy in the European Union'*, which was commissioned by the European Economic and Social Committee (EESC) and carried out by CIRIEC. By publishing three successive studies since 2008, we have proven our continued commitment to supporting and promoting the social economy in Europe.

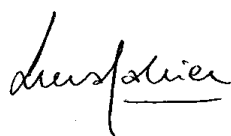
The study enables us to measure progress, by providing reliable and comparable data. What is evident is that the social economy has emerged from the economic and financial crisis largely unscathed. Today, the sector provides paid employment to 6.3% of the working population in the EU-28, compared to 6.5% in 2012.

It is my firm belief that the social economy illustrates and defends the values on which the European Union was built (Article 3 TEU). It is both an opportunity and a vehicle for citizen participation, responsibility and ownership of our sustainable future. Moreover, it constitutes a far-reaching instrument to enable the EU to move closer to its commitments under the UN 2030 Agenda on Sustainable Development.

For this reason, the increasing EU assistance provided to the social economy by the European Social Fund (ESF) is crucial. I am also particularly pleased that over the last few years, successive Presidencies of the Council of the EU have prioritised the social economy and have welcomed the contribution of the EESC to their work.

Nonetheless, much still needs to be done, including in raising the visibility and recognition of the sector. I sincerely hope that progress will be made in the near future towards developing systematic statistics for the different social economy groups and in including the social economy in the national statistical accounts. Undoubtedly, this would constitute a first necessary step towards giving the social economy the credit that it is due. I also consider that there is a great untapped potential for linking the EU's internal and external dimensions of the social economy, particularly in relations with our neighbours during times of increasing political, security and economic turbulence.

I call on all actors to join forces and to step up their activities. We have already made good progress. Let us continue together along this path!



Luca JAHIER
President of the Various Interests Group
European Economic and Social Committee (EESC)



FOREWORD by Alain COHEUR

This is the third time that the EESC has published a study on *Recent Evolutions in the Social Economy in the European Union*, following those carried out in 2008 and 2012. The study, commissioned from the CIRIEC research centre, does not simply update the previous versions, but focuses on three areas:

- the social economy and emerging concepts/movements,
- public policies in the broad sense that have been framed at EU level and in the Member States in recent years to improve the social economy sector,
- the size of the social economy in each EU Member State.

In publishing this study, the EESC is boosting its commitment to the recognition and promotion of the social economy, a sector that is an absolute cornerstone not only for jobs and social cohesion throughout Europe but also for building and consolidating a European Pillar of Social Rights.

The study highlights the important – and growing – role that the social economy plays in the market economy, working with and alongside it. By ensuring that economic efficiency serves social needs, the social economy creates genuine interdependence between economic and social issues rather than making one subordinate to the other.

The social economy's potential for growth at a time of economic and social crisis has been highlighted on many occasions. Indeed, the social economy is a model of resilience, and continues to develop while other economic sectors are struggling. It is not a by-product: social economy enterprises reflect the need for an economy that reconciles social, economic and financial dimensions, that is able to create wealth and that is not measured solely in terms of its financial capital, but also – and above all – by its social capital. The activities of social economy enterprises are not driven solely by market or growth criteria. Development, double-digit profitability and profits are not the ultimate objectives: the contribution to the general interest, social cohesion and the well-being of our societies are.

This study shows that it is essential to continue the discussion on the concept of social enterprise, as part of a broader, more comprehensive plan to support, promote and develop the social economy, its principles and its governance. It is also essential to encourage the exchange of good practice with other Member States with long experience in the social economy.

To support the growth of the social economy, it will be necessary to show political courage by taking specific measures on taxation, loans and red tape and by taking practical action to support the social economy – particularly for young people who want to engage in a more responsible economy and to invest in people.

The EESC will continue to be a staunch ally to social economy enterprises.



Alain COHEUR

Co-Spokesperson of the Social Economy Category
European Economic and Social Committee (EESC)

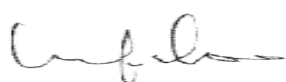


FOREWORD by Krzysztof BALON

The current edition of the EESC study "Recent evolutions of the Social Economy in the European Union" confirms once again the important role of the Social Economy Sector in creating employment, facilitating sustainable growth, matching services to needs and in distributing fairer income and wealth. However, activities undertaken by Social Economy entities have a much broader context, namely the building of both participatory democracy and social capital. This applies in a special way to the Member States, which have joined the EU since 2004. Most of them were until 1989/1990 socialist countries under the domination of the Soviet Union with non-existing or very limited activities by civil society. The consequences of these historical developments are, inter alia, a fragile financial situation in the NGO sector and a low level of civil society engagement in creating local job opportunities. This is visible even in the statistics: while the paid employment rate in the social economy is 6.3% in the EU as a whole, the same rate in the "new" Member States amounts to an average of 2.5%.

Ex oriente lux: on the other hand, a lot of new ideas and approaches coming from these countries contribute to the enrichment of the European Social Economy. From the experience of the Polish Solidarność/Solidarity movement, to discussions on the implementation of the principle of subsidiarity including the independence of the Social Economy from authorities, to practical examples such as the Slovak model for municipal social enterprises.

A permanent dialogue between lawmakers/politicians and the social economy sector, at both the national and European levels, which includes experiences of all Member States seems to be of great importance for the creation of a long-term strategy for the development of the social economy. All relevant actors are invited to work together with the EESC for the recognition of the Social Economy as a crucial – perhaps a dominant – part of the future economic and social model in Europe.



Krzysztof BALON

Co-Spokesperson of the Social Economy Category
European Economic and Social Committee (EESC)



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INTRODUCTION AND OBJECTIVES

1.1. Objectives

The general objective of the Report carried out by CIRIEC, is to study the recent evolution of the social economy (SE) in the European Union (UE) and its 28 member states. It focuses in three areas: firstly, the social economy and the emergent concepts/movements related to the space between states and market/for profit businesses, secondly, the public policies in their large sense built both at the EU and the Member countries in recent years to enhance the social economy sector and thirdly, measuring the weight of the social economy in each EU Member country. This research is not only an update of the studies entitled “The Social Economy in the European Union”, carried out by CIRIEC and published in 2008 and in 2012 by the European Economic and Social Committee, but also an analysis and assessment of recent evolutions in this field in Europe. In order to provide answers to the research topics, the project was structured around three areas. In the first, the conceptual area, the research undertook an overview of the emergent concepts, comparing them with the established EU concept of the social economy and identifying their challenges.

In the second area, public policies, the research focused on the policies towards the social economy deployed by governments, at the European level and at the national level in the recent period (2010-16). The environment and the ‘ecosystem’ of the social economy is a major factor that can facilitate the development of the social economy entities or can constitute an external barrier to them. The project formulated a framework to categorise all these policies. It provides for a review of the main initiatives deployed at the EU and national levels, a comparative analysis of the new national legislation on the Social Economy and an assessment of their impact in Europe.

The third area is statistical. Its central goal was to provide quantitative data on the social economy in the 28 Member States, following the same method used in the two former studies carried out by CIRIEC for the EESC. It also studied the recent developments in statistics and the available data around Europe.

1.2. Methods

The Report has been directed and mainly written by Rafael Chaves and José Luis Monzón of CIRIEC, advised by a Committee of Experts who have discussed the entire work schedule, methodology and proposed final Report with the directors and helped them to identify the different classes of companies and organisations that form part of the SE in each of the European Union countries.

With regard to the methods themselves, the first part of the Report takes the definition of the business or market sector of the SE given in the European Commission Manual for drawing up the satellite

accounts of cooperatives and mutual societies as the basis for establishing a definition of the SE as a whole that is intended to achieve wide political and scholarly consensus.

Concerning the second of the Report's objectives, a major field study was conducted in March and April 2017 by sending out a questionnaire to the 28 member states of the EU. It was sent to privileged witnesses with an expert knowledge of the SE concept and related areas and of the reality of the sector in their respective countries. These experts are university researchers, professionals working in the federations and structures that represent the SE and highly-placed national government civil servants with responsibilities in relation to the SE. The results have been highly satisfactory, as 89 completed questionnaires have been collected from the 28 countries in the EU.

As regards the third intermediate objective of the Report, identifying public policies, this was done through consulting the Committee of Experts and sector experts, through information supplied in the questionnaires and through discussions with the Committee of Experts.

THE SOCIAL ECONOMY CONCEPT AND THE MAIN THEORETICAL APPROACHES RELATED TO IT

2.1. Present-day identification and recognition of the Social Economy

The most recent conceptual definition of the social economy, drawn up by its own members, can be found in the *Charter of Principles of the Social Economy* of Social Economy Europe, the European-level association that represents the social economy. These principles are:

- The primacy of the individual and the social objective over capital
- Voluntary and open membership
- Democratic control by the membership (does not concern foundations as they have no members)
- The combination of the interests of members/users and/or the general interest
- The defence and application of the principle of solidarity and responsibility
- Autonomous management and independence from public authorities
- Most of the surpluses are used in pursuit of sustainable development objectives, services of interest to members or the general interest.

2.2. A definition of the Social Economy that fits in with the national accounts systems

The definition proposed, as already set out in the 2012 Report, is as follows:

"The set of private, formally-organised enterprises, with autonomy of decision and freedom of membership, created to meet their members' needs through the market by producing goods and

providing services, insurance and finance, where decision-making and any distribution of profits or surpluses among the members are not directly linked to the capital or fees contributed by each member, each of whom has one vote, or at all events are decided through democratic, participatory processes. The social economy also includes private, formally-organised entities with autonomy of decision and freedom of membership that produce non-market services for households and whose surpluses, if any, cannot be appropriated by the economic agents that create, control or finance them”.

Table 1. Social economy operators by ESA 2010 institutional sector

ESA 2010 INSTITUTIONAL SECTOR		SE ENTERPRISES AND MICROECONOMIC ORGANISATIONS
MARKET PRODUCERS	Non-financial corporations (S11)	<ul style="list-style-type: none"> • Cooperatives (workers, agrifood, consumers, education, transport, housing, healthcare, social etc.) • Social enterprises • Other association-based enterprises • Other private market producers (some associations and other legal persons) • Non-profit institutions serving social economy non-financial organisations • Non-financial corporations controlled by the social economy
	Financial corporations (S12)	<ul style="list-style-type: none"> • Credit cooperatives • Mutual insurance companies* and mutual provident societies • Insurance cooperatives • Non-profit institutions serving social economy non-financial organisations
	General government (S13)	—
NON-MARKET PRODUCERS	Households (S14)**	<ul style="list-style-type: none"> • Non-profit institutions serving households that are not very important
	Non-profit institutions serving households (S15)	<ul style="list-style-type: none"> • Social action associations*** • Social action foundations*** • Other non-profit organisations serving households (cultural, sports, etc.)

(*) Excluding social security system management organisations and, in general, mutual societies of which membership is obligatory and those controlled by non-social economy companies.

(**) The Households sector (S14) includes sole traders and general partnerships without legal personality that are market producers and do not belong to the social economy. It also includes non-profit organisations of limited size (“not very important”) that are non-market producers and do form part of the social economy.

(***) Non-profit organisations that are private non-market producers, with voluntary membership and participation and strategic and operative autonomy, and whose purpose consists in achieving social welfare objectives through supplying or providing goods and social or merit services, free of charge or at prices which are not economically significant, to persons or groups of persons that are vulnerable, socially excluded or at risk of exclusion. These organisations make up the *Social Action Third Sector*, which, obviously, forms part of the SE.

2.3. Main theoretical approaches related to the social economy

The Non-Profit Organisation (NPO) concept

The modern concept of the non-profit sector has been more precisely defined and disseminated widely throughout the world by an international research project which began in the early 1990s, spearheaded by Johns Hopkins University (Baltimore, USA), to discover and quantify its size and structure, analyse its development prospects and evaluate its impact on society.

The organisations that this project examines are those that met the five key criteria in the 'structural-operational definition' of non-profit organisations. They are, therefore:

- a) *Organisations*, i.e. they have an institutional structure and presence. They are usually legal persons.
- b) *Private*, i.e. institutionally separate from government, although they may receive public funding and may have public officials on their governing bodies.
- c) *Self-governing*, i.e. able to control their own activities and free to select and dismiss their governing bodies.
- d) *Non-profit distributing*. Non-profit organisations may make profits but these must be ploughed back into the organisation's main mission and not distributed to the owners, founder members or governing bodies of the organisation.
- e) *With voluntary participation*, which means two things: firstly, that membership is not compulsory or legally imposed and secondly, that they must have volunteers participating in their activities or management.

The Solidarity Economy approach

The 'solidary economy' concept has been developing in France since the 1980s. In this approach the economy revolves around three poles: the market, the State and reciprocity. These three poles correspond to market, redistribution and reciprocity principles. The latter refers to a non-monetary exchange in the area of primary sociability that is identified, above all, in associations.

In short, the economy is plural in nature and cannot be reduced to strictly commercial and monetary terms. The solidary economy approach is an unprecedented attempt to hook up the three poles of the system, so specific solidary economy initiatives constitute forms that are hybrids between the market, non-market and non-monetary economies. They do not fit in with the market stereotype of orthodox economics and their resources, too, have plural origins: market (sales of goods and services), non-market (government subsidies and donations) and non-monetary (volunteers).

As well as this concept of the solidary economy, which has its epicentre in France, another view of the solidary economy with a certain presence in some Latin American countries sees it as a force for social change, the bearer of a project for an alternative society to neo-liberal globalisation. Unlike the European approach, which considers the solidary economy to be compatible with the market and the State, the Latin American perspective is developing this concept as a global alternative to capitalism.

Other approaches

Related to the approach described in the previous paragraph, other theoretical developments directly propose replacing market economies where the means of production are privately-owned with other ways of organising the production system. These approaches include: a) the *alternative economy*, with roots in the anti-establishment movements that developed in France after May 1968; and b) the *popular economy*, promoted in various South American countries since 1980 with very similar views to the Latin American version of the solidary economy, so much so that it is also termed the *solidary popular economy*. The popular economy excludes any type of employer/employee relationship and considers labour the main factor of production.

THE SOCIAL ECONOMY AND RELATED EMERGENT CONCEPTS IN EUROPE

3.1. Social enterprises, social entrepreneurship and social innovation

The European Commission defines social enterprises as an **integral part of the social economy**: “*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 [sic] 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, involve [sic] employees, consumers and stakeholders*” (Communication from the European Commission, *Social Business Initiative*, COM/2011/0682 final of 25/10/2011). This Communication of the Commission also identifies the social enterprises’ main fields of activity: a) businesses providing social services and/or goods and services to vulnerable persons and b) businesses that pursue the employment integration of people with employability difficulties, but whose activity may be outside the realm of the provision of social goods or services.

For their part, the different North American currents of thought concerning social enterprises may be grouped into two main approaches: ‘earned income’ and the ‘social innovation’ school promoted by the Ashoka Foundation set up by Bill Drayton in 1980.

The **social innovation** approach emphasises the individual role of the **social entrepreneur**, who adopts a mission to create and sustain social value (not just private value), recognises and pursues new opportunities to serve that mission, engages in a process of continuous innovation, adaptation and learning, acts boldly without being limited by resources currently in hand and exhibits a heightened sense of responsibility and accountability to the constituencies served and for the outcomes created. In short, social entrepreneurs carry out a social mission and the impact related to the mission (rather than creating wealth) is the core criterion for gauging a social entrepreneur. In the social innovation approach, the form of ownership of the social enterprise (public, capital-based or social economy) is secondary and the key figure is the social entrepreneur, as the main person responsible for entrepreneurship and social change.

Table 2. Similarities and differences between the concepts of social enterprise, social entrepreneurship and social innovation

DIMENSIONS	Emes approach	Earned Income school		Social Innovation school
		Commercial Non-profits	Mission-driven Business	
ECONOMIC AND BUSINESS DIMENSION	Nature of the economic activity closely related to the social mission	Nature of the economic activity not related to the social mission		Nature of the economic activity closely related to the social mission
	Economic risk: financial sustainability based on a mixture of market revenue (commercial income) and non-market revenue (grants, subsidies, donations)	Sustainability based on commercial income		Sustainability based on a mixture of market and non-market revenue
SOCIAL DIMENSION	Explicit objective of benefiting the community or creating social value	Objective of benefiting the community guaranteed by reinvesting all profits	Objective of benefiting the community is not guaranteed	Explicit objective of benefiting the community
	Collective dynamics	No mention of individual or collective entrepreneurship	No mention of individual or collective entrepreneurship	Primacy of individual initiatives
	Limited distribution of profits allowed (non-profit and for-profit organisations)	Profit distribution forbidden (non-profit organisations)	Distribution of profits allowed (non-profit and for-profit organisations)	Distribution of profits allowed (non-profit and for-profit organisations)
PARTICIPATIVE DIMENSION	Autonomy	Not specified, but autonomy from public organisations appears to be guaranteed by self-sufficiency, though autonomy from the private organisations that founded them is not.		Not specified as such, but autonomy is implicit
	Democratic decision-making	Democratic decision-making is not a requirement		Democratic decision-making is not a requirement
	Participative decision-making	Participative decision-making is not a requirement		Participative decision-making is not a requirement

Source: Monzon & Herrero (2016).

3.2. The collaborative economy, related concepts, and the social economy

A new concept that has firmly established itself since the start of the 21st century is that of the “collaborative economy”, which refers to very wide range of activities linked to the fields of consumption, production, finance, education, and even governance. In its Communication called “A European agenda for the collaborative economy” (COM/2016/0356 final - 02/06/2016), the European Commission defines the collaborative economy as “business models where activities are facilitated by collaborative platforms that create an open marketplace for the temporary usage of goods or services often provided by private individuals”. The Communication identifies three categories of actors involved in the collaborative economy: a) service providers — private individuals or professionals; b) the users of these services, and c) intermediaries — via an online platform — that connect providers with users and that facilitate transactions between them (“collaborative platforms”). The Communication ends by noting that collaborative-economy transactions do not involve a change of ownership and can be carried out for profit or not-for-profit.

While they are not crucial to the collaborative economy's current boom, *collaborative platforms* are playing a very important role. Their main functions are: a) creating the platform connecting the supply and demand of goods; b) creating the mechanism allowing economic transactions to be made electronically, and c) creating verification mechanisms that minimise the transaction risks and costs associated with dealing with strangers. In summary, the collaborative economy uses information technology to reduce information asymmetries and the transaction costs of the goods and services exchanged or shared, as well as to broaden and deepen collaborative markets.

Various cooperative platforms are also being developed in Europe. LAMA and Cooperatives Europe conducted a study of 38 cases from 11 European countries and 3 initiatives from outside the European Union. In its conclusions, the study pointed out both the new opportunities for expansion offered to cooperatives in the area of the collaborative economy and the obstacles and barriers facing it, which include funding problems and the small size of cooperatives promoting collaborative-economy initiatives, which cause them to lose part of their efficiency.

3.3. The economy for the common good and the social economy

The Economy for the Common Good ((ECG) (1) is a socioeconomic and political movement founded by Austrian economist Christian Felber in 2010. The ECG model's central proposition is that the economy should be at the service of people, i.e., of the common good. The ECG is based on the values recognised by all people as universal: human dignity, solidarity, ecological sustainability, social justice, transparency, and democratic participation. The ECG model is cross-disciplinary and applicable to all kinds of companies and organisations.

In order to acknowledge the contribution to the common good of the companies and entities that make up the economic system, a specific method is used based on the Common Good Balance (CGB), the Common Good Matrix (CGM), the Common Good Report, and the Common Good External Audit.

3.4. The circular economy and the social economy

The circular economy model consists of replacing a linear economy, based on the take-make-use-dispose model, with a circular one in which waste can be transformed into resources so the economy can become more sustainable and reduce its negative environmental impact through improved management of resources and reducing extraction and pollution. At the same time, the circular economy allows companies to achieve competitive advantages thanks to better management of raw materials, offering new economic opportunities in new markets and enabling new jobs to be created locally.

The circular economy and the social economy meet at numerous major points. Both models place individuals and sustainable development at the centre of their concerns. In the circular economy, as in the social economy, a key factor of its success consists in strengthening creative and innovative capacity at local level, where relations of proximity constitute a decisive component. In other words, values and principles of the cooperative movement and the social economy, such as links with the local area, inter-cooperation, or solidarity, are decisive pillars for guaranteeing sustainable development processes in their triple dimension: environmental, economic and social. It is no accident that in Europe, the social economy was a pioneer of the circular economy in reusing and recycling waste, in energy and in agriculture. More recently, cooperative platforms in the collaborative economy sphere are well-known examples of initiatives that help to preserve and improve natural capital, optimise the use of resources and foster system efficiency. The European Commission itself, in its *EU action plan for the circular economy*, recognised that social economy enterprises will make “a key contribution to the circular economy”.

3.5. Corporate social responsibility, corporate citizenship and the social economy

In 2011 the European Commission published its green paper on *Promoting a European framework for Corporate Social Responsibility* and defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.

One concept very much linked to CSR is **Corporate Citizenship** (CC). The theories on CC suggest that a company should not only take on responsibilities towards shareholders and stakeholders, but that the company itself should get involved with society. The company must act like a “good citizen”. Although the initial definition of CSR was restricted to a company’s good practices directly related to shareholders and stakeholders, the new definition of CSR from the European Commission literally

identifies with the 10 principles of the United Nations Global Compact (COM (2006) 136 final, point 2), so the conclusion may be drawn that the two concepts are equivalent, at least in the Commission's agenda.

As the principles of the social economy, inspired by the co-operative principles, are none other than the application of CSR in all its aspects, it can be stated that the social economy has been a pioneer in applying CSR since CSR is an integral part of the values and operating rules of the social economy.

3.6. National recognition of the concept of social economy and related emergent concepts

- *Countries in which the concept of the social economy is widely recognised:* In Spain, France, Portugal, Belgium and Luxembourg, the concept of the social economy enjoys the greatest recognition by public authorities and in the academic and scientific world, as well as in the social economy sector itself. The first two countries stand out, as France is the birthplace of this concept, and Spain approved the first European national law on the social economy in 2011.

- *Countries in which the concept of the social economy enjoys a moderate level of recognition:* These include Italy, Cyprus, Denmark, Finland, Sweden, Latvia, Malta, Poland, the United Kingdom, Bulgaria, Greece, Hungary, Ireland, Romania and Slovenia. In these countries the concept of the social economy coexists alongside other concepts, such as the non-profit sector, the voluntary sector and social enterprises. In the United Kingdom, the low level of awareness of the social economy contrasts with the government's policy of support for social enterprises.

- *Countries where there is little or no recognition of the concept of the social economy:* The concept of the Social Economy is little known, emergent or unknown in the following countries: Austria, the Czech Republic, Estonia, Germany, Latvia, Lithuania, Malta, the Netherlands, Slovakia and Croatia. The related terms non-profit sector, voluntary sector and non-governmental organisations sector enjoy a relatively greater level of recognition.

Regarding related emergent concepts, the best-known in the EU countries are 'non-profit', 'third sector', 'civil society and voluntary sector', 'corporate social responsibility', 'social enterprises' and 'social innovation'. Other concepts such as 'circular economy' or 'collaborative economy' show an upward trend in the knowledge levels in most EU countries, while the concepts 'economy of the common good' and 'solidary economy' have difficulty in making any way in many EU countries, where they are barely known or not known at all.

PUBLIC POLICIES TOWARDS THE SOCIAL ECONOMY AT THE EUROPEAN LEVEL IN THE RECENT PERIOD (2010-16)

4.1. Rules: statutes and regulatory frameworks

Between 2009 and 2017, the European institutions have implemented several initiatives in relation to the social economy, or more exactly for social enterprises that are part of the social economy, opening a new period of European public policies. Concerning legal forms, few advances have been made. The European Mutual Society Statute and Statute for a European Foundation (EF) projects were discussed but were finally withdrawn, due to a lack of institutional support. Currently the European Parliament has taken the legislative initiative to work on a Statute for social and solidarity-based enterprises.

Concerning regulatory frameworks and legal barriers to the development of social economy entities, until recently the Directives approved have paid insufficient attention to the specific features of social economy organisations. The application of competition policy was the priority. More recently, to mitigate this regulatory framework, in 2012 the Commission adopted the *de minimis* Regulation for the field of Services of General Economic Interest (SGEI) and in 2014, the public procurement reform package was approved. It allows the public authorities to insert certain social clauses in procurement procedures and terms of reference. However, it has had little impact. In the context of the regulatory framework, an emergent barrier that has been developing is considered a qualitative austerity policy. It is related to the manner in which public sector and SE entities relate to each other, regarding not only the problem of increased bureaucracy but also delays, application and implementation procedures and other requirements that complicate, or even preclude, collaboration between the third sector and the public sector.

Efforts at European and national government level have been made to enhance the cognitive dimension and participation by civil society, such as European Conferences organised by Presidencies of the Council of the European Union or within the framework of a Presidency, the successive EESC Opinions, the initiatives and opinions of the European Parliament's Social Economy Intergroup and in some cases also those of the Committee of the Regions, or even of the Commission itself. The last initiative, taken in Madrid (23.5.2017), was the adoption of the 'Madrid Declaration', which achieved high media and social network impact. However, in order to increase social visibility and social receptiveness it needs to move from the macro level to the micro level. In addition, in this way, the social fabric of societies, their social capital of networks, becomes a key factor. As noted in previous reports, European programmes based on ESF have had a wide-ranging structuring effect, both nationally and internationally, in joining up and strengthening the European social economy in terms of federations, networks, research, culture and policies. On the other hand, EU funds and programmes encounter considerable difficulties in becoming accessible to the local networks.

As previously noted, another issue is the visibility and recognition of the conceptual definition of the social economy field. The periodic deployment of 'neconcepts' does not help. In the 1970s the multiplicity of terms related to social economy comprised the third system, civil society and non-profit. In the context of the economic crisis, a new wave of concepts has emerged, such as social enterprises, the collaborative economy and the economy of the common good. We must emphasise that these issues mask not only a lack of consensus on the designation to be employed but also a hidden policy to not advance in this field.

4.2. Hard policies: funds and policy fields

An important shift in the European Commission's political agenda regarding the social economy, or more precisely, social enterprises, took place in 2011, when the Commission began to apply the "*Social Business Initiative* (SBI). Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation" (COM(2011) 682 final). The SBI listed the policy agenda of the European Commission with 11 key actions. One axis is *improving private and public funding*. To enhance the interest of private investors in social enterprises, Regulation 346/2013 on European social entrepreneurship funds (EuSEF) was approved. The Programme for Employment and Social Innovation (EaSI) was also established in collaboration with other financial initiatives such as the EaSI Guarantee Instrument, the EaSI Capacity Building Investments Window and the Social Impact Accelerator (SIA). Concerning public funds, the goal of 'promoting social economy and social entrepreneurship' was transferred to ERDF and ESF. However, a European budgetary policy specifically for the social economy did not get off the ground and is still awaited. The recent Declaration of Madrid (23.5.2017) continues to call for it.

Our study with the correspondents has revealed the importance of the main financial instrument of the EU, the ESF. International congresses and networks, the LEADER initiative and European directives and legislation have also proved key measures. Congresses and networks have been revealed as a tool to generate structuring and cognitive effects such as coordinating the civil society of Europe's social economy. The new tools established recently (EFSI, EaSI, COSME, etc.) have shown a little or no impact, especially in Mediterranean and Eastern EU countries. Studies to assess the impact of the new policies are needed.

PUBLIC POLICIES TOWARDS THE SOCIAL ECONOMY IN EUROPE AT THE NATIONAL AND REGIONAL LEVEL IN THE RECENT PERIOD (2010-16)

5.1. New national legislation on the social economy

Over the past seven years, most European countries have paid attention to law-making concerning the social economy. Specific laws on the social economy have been passed at national level in Spain (2011), Greece (2011 and 2016), Portugal (2013), France (2014) and Romania (2016) and at regional level in Belgium (Wallonia, Brussels and Flanders) and in Spain (Galicia).

Additionally, new bills, drafts and other institutional initiatives such as systems of accreditation, labels and large national multiannual plans have emerged in this period, revealing an increasing interest in this field among governments. Additionally, reforms for specific groups of the social economy (social third sector, third sector social enterprises, cooperatives and others) have also been approved, in Italy and Spain, for instance.

Regulating the social economy with new legal forms does not in itself constitute an advance in fostering the social economy that goes beyond its institutional recognition (Noia, 2017). As with the European Cooperative Statute or the Spanish Law on the Social Economy until recently, the effects could be too limited if the law is not accompanied by other measures.

5.2. National and regional action plans and targeted funding

National and regional action plans are key policies to boost the social economy. They constitute major agreements between different actors, mainly between the government and the social economy / third sector representatives, but also including trade unions, universities and others, with the aim of improving their mutual relationship for mutual advantage over a long-term period. They include generally stable funding frameworks, participative and consultative schemes, strategic fields to develop and improvements in relationships and societal change.

At the regional and local level, in the past decade good practices have been developed in the regions of Andalusia and Murcia in the south of Spain, which have achieved the highest rates of development of cooperatives in the country, and in several regions of France and Belgium (Chaves and Demoustier, 2013). During this decade, other good practices may be found in France with the Territorial Pole of economic cooperation (PTCE) recognised by the new French Law on the social economy, or in local plans to foster social and solidarity enterprises, as in Barcelona (Spain).

At the national level, and generally in cooperation with European structural funds, several national action plan have been established in recent years. These are cases in which the European funds'

operational programmes target social economy and social inclusion. Table 3 identifies the main national plans. Three key factors for success are important: firstly, a multiannual and holistic framework, secondly, the concept of partnership between government, the social economy and other stakeholders, ensuring that real needs and priorities are met, and thirdly, the structuring and inclusive effect of the European structural funds around Europe. The latter is a key lesson for EU policy makers.

Table 3 – National plans that boost the social economy in European countries (2011-2016)

Country	National Plan
Bulgaria	Action plan for the social economy (2014-2015; 2016-2017)
Poland	National Programme for the Social Economy. Establishing the National Committee for the Development of the Social Economy
Portugal	National Agreement between the government and the social sector ("Compromissos de Cooperação para o Setor Social e Solidário")
Romania	Solidar - Support for consolidating the Social Economy programme, under POCU - Human Capital Operational Programme
Spain	National Programme to foster the social economy and POISES - Operational Programme for social inclusion and the social economy - ESF 2014-2020.
Sweden	Multiannual programme for support of work integration social enterprises, by the Department of Labour jointly with the Department of Enterprise.
United Kingdom	The Compact, agreement between the government and the voluntary and community sector. Established in 1998, it establishes a way of working that improves their relationship for mutual advantage.

Targeted funding. Several funding frameworks exist around Europe. Some involve mostly public funds, others private funds, and yet others are hybrid public-private schemes. Here we focus on targeted funding based on public regulations or funds.

Public funds targeting social economy are the first financial pillar. The EU (e.g. structural funds) and national and regional governments assign funds explicitly for the promotion and development of the Social Economy. These are the traditional subsidy programmes to promote cooperatives and employment in cooperatives in Germany, Italy and Spain. There are many alternatives that can be implemented.

In recent years, several governments around Europe have deployed these forms of funds. In Belgium, the Braserio fund supports the development of the worker cooperatives in the region of Wallonia. In Cyprus, the Social Welfare Services policy offers annual grants for running expenses, subsidising organisations that deliver welfare services (i.e. child care, long-term care and others). In France, the

new Law on the social economy has established new financial tools for the sector, including an social innovation fund (FISO). In Italy, a fund for financing social enterprises and social cooperatives has been established.

In some cases, these are mixed funds, managed by the government and by social economy organisations: some examples in France are the National Fund for the Development of Associative Life (FNDVA) and the National Fund for the Development of Sport (FNDS). In various funds, the funding is off-budget. Other schemes are based on personal income tax. A percentage of the tax payable can be assigned by citizens to voluntary organisations. This is the case in Italy and Spain. In Spain these sums are paid into a national fund for social third sector organisations, which receives more than €200 million annually.

Another traditional targeted resource is obtained from the revenue from games of chance (lotteries, slot machines). This is the case of RAY and Oy Veikkaus AB in Finland or the ONCE — the national organisation for blind people — in Spain.

5.3. Public procurement rules

After a long period when protecting competition was the mainstream policy in public markets, the review of the EU regulations on public procurement in 2014 (Directives 2014/23; 2014/24 and 2014/25) opened up new opportunities for national, regional and local governments to foster the social economy by facilitating its access to public sector supplier status. This is, therefore, a *demand-side policy* to boost the social economy. Social clauses are now allowed in the procedures for awarding public contracts.

Several governments at national, regional and local levels have applied these social clauses, as in Sweden, Spain and the United Kingdom. In the UK, the Social Value Act (Public Services) of 2012 requires public bodies contracting for public services to consider how such services might bring economic and social improvements to the area where services will be provided. In Spain, cities such as Zaragoza, Barcelona and Madrid have recently introduced social clauses in their new public contracts.

5.4. Institutional barriers

In this report, we have also addressed what the professionals and representatives of the social economy understand to be the main barriers to the development of this sector, focusing on institutional barriers. In fact, this is a way of measuring the efficacy of the policies implemented, or not yet introduced. The question in the questionnaire was very open. Many diverse answers have been received. They identify four groups of barriers: firstly, visibility and awareness, secondly, leadership and government administration, thirdly, financing and taxation and, finally, institutional barriers.

The first group of barriers concerns the lack of awareness and understanding of the concept of the social economy, social enterprises and other related concepts, in society, in public debate and in academia. This is a very significant barrier for the eastern EU countries such as Hungary, Poland, Slovakia or the Czech Republic. The correspondents in these countries recognise that the main support for the social economy (both financial and awareness raising) comes from EU programmes and initiatives.

Related to this lack of awareness and understanding is the low visibility of the social economy, in the media and also in the statistics. A lack of databases, official statistics and reliable data about social enterprises or the social economy emerge in many countries, from Austria and Slovakia to Sweden. Additionally, there is a need for educational and training programmes in the field of the social economy at all levels of education. In a few countries, like France, programmes such as training through scholar cooperatives do exist for adolescent/young students.

A second group of barriers concerns leadership and government administration. Many correspondents say that there is a lack of leading institutions with responsibility for the social economy, social enterprises, volunteers and civil society that are able to develop policies and encourage the social economy. Consequently, there is no national strategy for the social economy. This field is not considered a policy priority. Correspondents from countries such as Germany and Malta consider that most of the media and policy makers “do not see the necessity” for a social economy. In some cases, they identify a lack of trust and a rejection of economic activities carried out by non-profit organisations.

Partly as a consequence of the foregoing, the government bodies are not adequate for attending to the needs and efforts of the social economy. In some cases, the multilevel governments and the different ministries are not coordinated in social economy matters. In other cases, the government bodies are deeply dependent on political cycles, e.g. in 2015, the Danish governmental bureau for social economy businesses was closed when the government changed. Last but not least, bureaucracy and qualitative austerity policies (Chaves and Zimmer, 2017) are very high obstacles to social economy entities’ working with public authorities, e.g. in Italy, Spain and Slovenia.

Another group of obstacles is *institutional barriers*. Two types are considered. The first is changes in sector regulations that constitute obstacles to the operations of the social economy entities. In France and Spain, government changes in complementary social protection regulation have negatively affected mutual health entities in recent years, in some cases, leading them to change their legal status to that of a for-profit entity. In Italy, the reform of people’s banks (DL 3/2015) provides that popular banks that have assets greater than €8 billion must be transformed into joint stock companies. Also, the reform of the credit cooperatives (L 49/2016) radically reorganised the whole cooperative banking sector, with some negative aspects. In Spain, changes in the social security treatment of sports trainers have negatively affected sport associations. In the United Kingdom, the large procurement contracts relegate social economy entities to sub-contracting for large private sector companies; also, the tendency (despite the Social Value Act) is to award contracts is on price rather than including added

social value. The recently amended legal status of charities is better adapted to this new institutional environment. In Finland, the Directive on Public Procurement that allowed contracts to be reserved for certain services is not being implemented, so cannot benefit social economy entities.

The second type of institutional barrier concerns new laws and statutes for social enterprises. The first obstacle is non-implementation of the new regulations (which are therefore considered soft laws). This is the case of the Spanish Social Economy law (2011), which has no implementing regulations.

The second obstacle in this second type of institutional barrier concerns new difficulties that have emerged for other social economy entities due to new national legal forms of SE or changes in legal forms. In Poland and Portugal, the recent changes in cooperative laws are not considered suitable for cooperatives. In Hungary, the new SE law poses a risk for many social cooperatives, created by groups of citizens, which might need to be transformed into another type of organisation (cooperative or non-profit limited company) when the law comes into force in 2018. In Slovenia and Bulgaria, the social entrepreneurship law excludes different organisations that have been already been working as social enterprises.

THE WEIGHT OF THE SOCIAL ECONOMY IN THE 28 EU MEMBER STATES

6.1. Introduction: the need for statistics on the social economy

Efforts have been made during the last two decades, both in the academic field and by national statistical institutes and governments. In 2006, CIRIEC drew up a method for the European Commission, the Manual for drawing up the Satellite Accounts of Companies in the Social Economy, in parallel with the UN Handbook for Satellite Accounts on Non-profit Institutions. Other methods have also been developed to prepare statistics. Some countries have put a great deal of work in recent years into providing reliable data on various social economy groups. The statistics institutes of France and the Ministry of Labour of Spain supply time series on employment in cooperatives and the social economy. Italy, Bulgaria, Luxembourg, the Czech Republic and Hungary have made serious improvements in the statistics published by their national statistics institutes, in some cases using the satellite account methodology for non-profit organisations. Special mention should be made of Portugal, Poland and Romania. These three EU countries have developed regular, systematic statistics for the social economy as a whole in recent years. In Portugal this is mandated by the country's Law on Social Economy (2013) and in Poland it is a consequence of an agreement with the ESF (European Social Fund). Despite this, much effort needs to be made to systematise the statistics for the different social economy groups over the coming years.

6.2. Purpose and methodology: challenges

The purpose of this part of the study is to provide an overview of the main figures for the social economy in the European Union, by country and globally, differentiating three groups of organisations: cooperatives and similar accepted types, mutual societies and similar types; and finally associations, foundations and other related non-profit types.

Drawing up statistics from field studies and verifiable accounts is essential. However, for reasons of cost and time it exceeds the scope of this study and must be tackled at a later stage. The statistical information provided in this study has been drawn from secondary data supplied by our correspondents in each country. The reference period is 2014-2015. However, for reasons of availability and of the quality of statistical reporting, the information for some countries is some years old, particularly in the case of associations, foundations and similar organisations. The figures sought were the number of persons employed and, where possible, the full-time equivalent, number of members, number of volunteers and number of entities or companies. For some countries and groups in the social economy, data on turnover were also available but were not comparable. For purposes of comparability with the data from the previous studies carried out by CIRIEC for the EESC on the state of the social economy in the 25-member European Union in 2002/3 and in 2009/10, particular attention has been paid to the 'employment' variable.

6.3. Overview of the statistical results

The following aggregates underline the fact that the European social economy is very important in both human and economic terms and is a reality which should be considered by society and by policy makers.

The European social economy provides:

- over 13.6 million paid jobs in Europe
- equivalent to about 6.3% of the working population of the EU-28
- employment of a workforce of over 19.1 million, including paid and non-paid
- more than 82.8 million volunteers, equivalent to 5.5 million full time workers
- more than 232 million members of cooperatives, mutuals and similar entities
- over 2.8 million entities and enterprises

The panorama varies among EU countries. While employment in the social economy accounts for between 9% and 10% of the working population in countries such as Belgium, Italy, Luxembourg, France and the Netherlands, in the new EU Member States such as Slovenia, Romania, Malta, Lithuania, Croatia, Cyprus and Slovakia the social economy remains a small, emergent sector, employing under 2% of the working population.

Another conclusion concerns the evolution of the social economy workforce during the economic crisis. The social economy workforce has revealed resilience to the economic crisis, as it has dropped

only from 6.5% to 6.3% of the total European paid workforce and from 14.1 million jobs to 13.6 million, partially explainable by the quality of the statistical data available. The reduction in the paid workforce is bigger in cooperatives and similar forms than in associations, foundations and other similar forms.

Finally, measured in terms of employment, as other measures of economic impact such as contribution to GDP are not readily available, associations, foundations and other similar forms remain the main social economy 'family', comprising most of the social entities / enterprises and about 66% of the employment in this social sector.

Table 4. Paid employment in cooperatives, mutual societies, associations, foundations and similar entities. European Union (2014-15)

Country	Cooperatives and similar	Mutual Societies	Associations & Foundations	Total
Austria	70,474	1,576	236,000	308,050
Belgium	23,904	17,211	362,806	403,921
Bulgaria	53,841	1,169	27,040	82,050
Croatia	2,744	2,123	10,981	15,848
Cyprus	3,078	(n/a)	3,906	6,984
Czech R.	50,310	5,368	107,243	162,921
Denmark	49,552	4,328	105,081	158,961
Estonia	9,850	186	28,000	38,036
Finland	93,511	6,594	82,000	182,105
France	308,532	136,723	1,927,557	2,372,812
Germany	860,000	102,119	1,673,861	2,635,980
Greece	14,983	1,533	101,000	117,516
Hungary	85,682	6,948	142,117	234,747
Ireland	39,935	455	54,757	95,147
Italy	1,267,603	20,531	635,611	1,923,745
Latvia	440	373	18,528	19,341
Lithuania	7,000	332	(n/a)	7,332
Luxembourg	2,941	406	21,998	25,345
Malta	768	209	1,427	2,404
Netherlands	126,797	2,860	669,121	798,778
Poland	235,200	1,900	128,800	365,900
Portugal	24,316	4,896	186,751	215,963
Romania	31,573	5,038	99,774	136,385
Slovakia	23,799	2,212	25,600	51,611
Slovenia	3,059	319	7,332	10,710
Spain	528,000	2,360	828,041	1,358,401
Sweden	57,516	13,908	124,408	195,832
U. Kingdom	222,785	65,925	1,406,000	1,694,710
TOTAL EU-28	4,198,193	407,602	9,015,740	13,621,535

**Table 5. Paid employment in the social economy compared to total paid employment.
European Union (2014-15)**

Country	Employment in SE (A)	Total employment * (B)	% A / B
Austria	308,050	4,068,000	7.6%
Belgium	403,921	4,499,000	9.0%
Bulgaria	82,050	2,974,000	2.8%
Croatia	15,848	1,559,000	1.0%
Cyprus	6,984	350,000	2.0%
Czech R.	162,921	4,934,000	3.3%
Denmark	158,961	2,678,000	5.9%
Estonia	38,036	613,000	6.2%
Finland	182,105	2,368,000	7.7%
France	2,372,812	26,118,000	9.1%
Germany	2,635,980	39,176,000	6.7%
Greece	117,516	3,548,000	3.3%
Hungary	234,747	4,176,000	5.6%
Ireland	95,147	1,899,000	5.0%
Italy	1,923,745	21,973,000	8.8%
Latvia	19,341	868,000	2.2%
Lithuania	7,332	1,301,000	0.6%
Luxembourg	25,345	255,000	9.9%
Malta	2,404	182,000	1.3%
Netherlands	798,778	8,115,000	9.8%
Poland	365,900	15,812,000	2.3%
Portugal	215,963	4,309,000	5.0%
Romania	136,385	8,235,000	1.7%
Slovakia	51,611	2,405,000	2.1%
Slovenia	10,710	902,000	1.2%
Spain	1,358,401	17,717,000	7.7%
Sweden	195,832	4,660,000	4.2%
U. Kingdom	1,694,710	30,028,000	5.6%
TOTAL EU-28	13,621,535	215,722,000	6.3%

* Paid employment, ages between 15 and 65 years, Eurostat, 2015.

Table 6. Evolution of paid employment in the social economy in Europe

Country	Employment in the social economy			$\Delta\%$ 2010-2015
	2002/2003	2009/2010	2014/2015	
Austria	260,145	233,528	308,050	31.9%
Belgium	279,611	462,541	403,921	-12.7%
Bulgaria	(n/a)	121,300	82,050	-32.4%
Croatia	(n/a)	9,084	15,848	74.5%
Cyprus	4,491	5,067	6,984	37.8%
Czech R.	165,221	160,086	162,921	1.8%
Denmark	160,764	195,486	158,961	-18.7%
Estonia	23,250	37,850	38,036	0.5%
Finland	175,397	187,200	182,105	-2.7%
France	1,985,150	2,318,544	2,372,812	2.3%
Germany	2,031,837	2,458,584	2,635,980	7.2%
Greece	69,834	117,123	117,516	0.3%
Hungary	75,669	178,210	234,747	31.7%
Ireland	155,306	98,735	95,147	-3.6%
Italy	1,336,413	2,228,010	1,923,745	-13.7%
Latvia	300	440	19,341	(n/p)
Lithuania	7,700	8,971	7,332	-18.3%
Luxembourg	7,248	16,114	25,345	57.3%
Malta	238	1,677	2,404	43.4%
Netherlands	772,110	856,054	798,778	-6.7%
Poland	529,179	592,800	365,900	-38.3%
Portugal	210,950	251,098	215,963	-14.0%
Romania	(n/a)	163,354	136,385	-16.5%
Slovakia	98,212	44,906	51,611	14.9%
Slovenia	4,671	7,094	10,710	51.0%
Spain	872,214	1,243,153	1,358,401	9.3%
Sweden	205,697	507,209	195,832	-61.4%
U. Kingdom	1,711,276	1,633,000	1,694,710	3.8%
TOTAL EU-28	11,142,883	14,137,218	13,621,535	-3.6%

Source: CIRIEC/EESC

(n/a) not available, (n/p) not pertinent



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