

# Citizens' summary

## EU initiative to promote social entrepreneurship

### WHAT'S THE ISSUE?

- The fight against poverty and social exclusion is a major element of the Europe 2020 strategy: The EU wants to strengthen growth, employment and competitiveness, while creating a **more inclusive society**.
- **"Social enterprises"** and, more generally, all actors working for a social, inclusive economy have a fundamental role to play. Social enterprises apply business strategies to tackle goals such as bettering society or protecting the environment. They have close ties to their communities, promote social cohesion and help reduce economic and social disparities between EU regions and countries.
- The EU's new social-entrepreneurship initiative will support the **creation and development** of social enterprises, including making it easier for them to obtain **funding**. Developing a "highly competitive social market economy" is one of the EU's primary objectives. This requires **new laws and new regulatory frameworks** to help these enterprises – which are often very small and active only at local level – to realise their potential to generate growth, create jobs and reap the benefits of the EU's single market.
- The social economy employs more than 11 million people, 6% of all workers. Approximately **one out of every four** businesses started in Europe is a social enterprise. In Belgium, Finland and France, that figure is as high as **one out of three**. Often these companies are more productive and competitive, thanks to their committed staff and better working conditions (figures for staff on sick leave are 50% lower than the average).

### WHAT IS THE EU PROPOSING?

- The social entrepreneurship initiative offers a short-term action plan to promote the **creation and development of social enterprises**.

The plan contains 11 priority measures, organised around 3 themes:

➤ Making it easier for social enterprises to obtain funding

1. Put forward a European regulatory framework for **ethical investment funds** (by the end of 2011).
2. Encourage the development of **microcredit** in Europe, specifically by improving the related legal and institutional framework.
3. Set up a **€90-million EU financial instrument** to provide easier access to funding.
4. Make social enterprises an **investment priority** of the European Regional Development Fund and European Social Fund.

➤ Increasing the visibility of social entrepreneurship

5. Identify best practices by establishing an **exhaustive register of social enterprises** in Europe.
6. Create a **public database of labels and certifications** applicable to social enterprises in Europe.
7. Help **national and regional governments** introduce measures to support, promote and finance social enterprises.
8. Create a **multilingual information and exchange platform** for social entrepreneurs, business incubators and clusters, as well as social investors. Increase the visibility of EU programmes to support social entrepreneurs and make it easier to obtain funding.

➤ Making the legal environment friendlier for social enterprises

9. Simplify the rules regarding legal recognition as a **European Cooperative Society**; put forward a regulation creating a legal status for **European foundations**. Conduct a study on the situation of **mutual societies**.

10. Make **quality** and **working conditions** more important criteria for the awarding of **public procurement contracts**, particularly for social and health services.

11. Simplify the rules for awarding **public aid** to social and local services (which would benefit many social enterprises).

**WHO WOULD BENEFIT AND HOW?**

- **Citizens and social enterprises** would benefit most from the proposed measures.
- **Social entrepreneurs** would be better informed, enjoy easier access to existing aid mechanisms (which often go unnoticed) and benefit from new types of financing.
- **The tens of millions of Europeans** who have suffered the consequences of the financial crisis will benefit from the creation of new jobs in the social-economy sector, which is expanding rapidly and whose development will be sped up even more by the proposed measures.

**WHEN WILL THE PROPOSALS COME INTO EFFECT?**

- This initiative is the first step towards implementing measures to create an environment conducive to social entrepreneurship in Europe, thereby enabling the sector to create even more growth and employment.
- The extension of the "Progress" microfinance instrument and the adoption of a new investment instrument for social enterprises – both proposed by the Commission in October 2011 – pursue the same goals. These instruments are part of the new European programme for social change and innovation (2014-2020).
- It is expected that the Commission will adopt the legislative text on ethical investment funds by the end of 2011.
- The other measures will be adopted in the months and years to come, following consultations (green papers or white papers) and impact evaluations as needed.
- A multi-stakeholder consultation group on social entrepreneurship will monitor progress on the proposed measures.