



EUROPEAN COMMISSION

Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (GROW)
Directorate-General for Employment, Social Affairs and Inclusion (EMPL)

Brussels, 6 December 2019

Minutes

Commission's Expert Group on Social Economy and Social Enterprises

22 October 2019 - Brussels

The meeting was chaired by DG EMPL – Ann Branch – E1

DG GROW - Ulla Engelmann – F2

1. APPROVAL OF THE AGENDA AND OF THE MINUTES OF PREVIOUS MEETING

DG EMPL introduced the meeting. The agenda of the day and the minutes of the previous meeting (23.10.2018) were adopted.

2. NATURE OF THE MEETING

Attendance to the meeting was restricted to the members and observers of the Expert Group as well as experts invited to contribute to specific agenda points.

3. LIST OF POINTS DISCUSSED

All PowerPoint presentations used during the meeting can be accessed [here](#).

3.1. Highlights of Commission actions to develop social economy and social enterprises: What have we achieved in 2019?

Pillar 1 – Access to finance

DG EMPL explained the state of play of implementing the microfinance and social enterprise finance axis of the EaSI programme, which comprises a holistic set of activities, supporting both the supply of finance and the investment readiness of the demand side. As most topical developments the following was mentioned: (1) the new debt instrument (EaSI Funded Instrument) that will provide senior and subordinated loans to financial intermediaries (2) the up-coming call for proposals for developing social finance markets (3) the on-going preparatory work for the proposed 4 bn EUR Social and Skills window under the forthcoming Invest EU programme.

Pillar 2 – Access to markets

DG GROW mentioned (1) the Commission's work to promote socially responsible public procurement (training of public purchasers in the MS, collection of best practices); (2) the study on the cooperation between traditional enterprises and social economy enterprises (dedicated presentation scheduled during the day) and notably the work carried out on social intrapreneurship; (3) the study on stimulating cross-border activities for the social economy.

Pillar 3 – Framework conditions

DG GROW referred to the work carried out by the working group on Social Economy clusters. A dedicated presentation is foreseen during the day.

DG GROW also gave an update concerning the ongoing work in relation to the creation of satellite accounts in Member States. ESTAT launched in Spring 2019 a 2nd call for proposals to select National Statistical offices to work on the topic and is currently evaluating it. The following countries decided to go ahead: Slovenia, France, Spain and Poland. Luxembourg will join the working group but did not reply to any of the two calls.

The Commission is currently evaluating a call for proposals to implement a Preparatory Action aiming at stimulating cooperative entrepreneurship education for young people.

DG EMPL referred to (1) the update of the comparative mapping study on "Social enterprises and their ecosystems in Europe". Nearly all country reports have been up-dated and published, and the new comparative synthesis report will be published soon; (2) a new study on the impact of 2011 SBI and its follow-up actions, for which the work is about to start, (3) ongoing cooperation with OECD: in-depth Country reviews for the Netherlands and Lithuania published and the review of Estonia being finalised, the Better Entrepreneurship Policy Tool which is now available in all EU languages.

Pillar 4 – Social Innovation, technologies and new business models

DG GROW mentioned the Commission's work on the European Social Innovation Competition (topic of the year: plastic challenge), the social Challenge Platform, the H2020 Prize on Blockchain for Social Good as well as the study on the use and impact of new technologies by social economy and social enterprises. DG RTD recalled the definition of innovation that needed to be inclusive, including social innovation. He invited the experts to participate in the calls under H2020 and the future Horizon Europe.

Pillar 5 – International relations

DG GROW highlighted the work carried out to support the development of social economy in neighbouring and enlargement countries as well as actions in developing countries.

DG NEAR took the floor the present in details policies and projects implemented in those countries.

DG GROW also highlighted the participation of the Commission in dedicated international fora such as the UNTFSSSE, GSEF (Conference scheduled in 2020 – Mexico).

On cross cutting issues, DG GROW mentioned the results of the ESER (European Social Economy Regions Scheme 2019) the Conference Pact for Impact in July 2019 in Paris and the work of the Monitoring Committee of the Luxembourg Declaration.

During the discussion, one member asked to involve GECES systematically in studies carried out by the Commission in the field of social economy. Another member underlined that GECES should have an opportunity to influence the political orientations of the incoming Commission. Finally, a member asked about the involvement and activities of DG DEVCO in relation to social economy.

The Commission explained that the expertise gathered in GECES is indeed an important source of information that can be used when studies are conducted. However, the way this is organised, depends on the nature of each study.

Concerning the role of GECES in relation to the future agenda and work plan of the Commission and the timing of meetings, the services will come back to the issue in due time once the new College will formally start its work. The Commission also confirmed that DG DEVCO is closely involved in the work in this area and the subject of social economy in developing countries is an issue which is also addressed in mainstream initiatives. One opportunity for this will be the forthcoming EU Industry Days in 2020.

3.2. Outcomes of the mapping study for social enterprises

DG EMPL recalled that the mapping study was originally initiated as one of the specific actions under the 2011 SBI. The first series of country reports were published in 2014 and the first EU level synthesis report in 2015. Both the individual country reports as well as the synthesis report have proven to be very valuable for policy making. For example the country reports have been actively used by the services involved in implementing the ESF.

Given the fast development in the field there is a need for regular update and therefore in 2016 seven country reports were updated as a pilot (Belgium, France, Italy, Spain, Ireland, Slovakia, Poland). Drawing from this experience, the 2018-2019 update covers the remaining 21 EU countries and in addition short country fiches are produced for EaSI participating non-EU countries (Norway, Island, Turkey, Serbia, Albania, North Macedonia, Montenegro). Also the 2016 updated reports will be revised to reflect the 2019 situation. A new comparative synthesis report will be published soon.

All reports are or will be available here:

<https://ec.europa.eu/social/main.jsp?catId=952&intPageId=2914&langId=en>

The up-date has been carried out by a consortium of EURICSE research centre and EMES network, involving qualified scholars in drafting the national reports and an advisory group with established international academic experts.

The chair invited Dr Giulia Galera and Prof Carlo Borzaga, both representing EURICSE, to present the highlights of the study.

Dr Galera presented the key results highlighting the diversity in relation to traditions and situations in Member States. However, there is also certain convergence and generally one can observe increase in the number of social enterprises, diversification in terms of fields of activities and business models, and many countries introducing or revising legislation and policies in this field. An important factor to understand the role played by social enterprises in different countries is the space the welfare systems leave for this type of actors. Concerning the quantitative aspects the availability and reliability of data is an important bottleneck and in many countries the researchers have been obliged to do an estimation based on rather limited data.

Several experts thanked for the analytical and informative presentation. The following issues were further discussed:

- The observed impact of the 2011 SBI and the evidence backing this.
- Social enterprises need and readiness to take in repayable finance.
- Possible recommendations related to observed lack of investment readiness and capacity amongst social enterprises.
- Issues related to competition law and public support to social enterprises
- Public procurement, where it would be important to analyse also the practices, not only the regulatory aspects
- Quality and quantity of jobs in social enterprises
- Social enterprises' dynamism in comparison to other stakeholders of social economy.

Prof Borzaga and Dr Galera explained that the study was a descriptive exercise and it did not include policy recommendations, neither comparison of dynamism between social enterprises and other parts of social economy. While the country reports did not demonstrate big unmet demand for repayable finance, the landscape is changing because social enterprises are entering into new fields of activities, embracing new business models. For these reasons the investment readiness is one of the key issues highlighted by the stakeholders.

3.3. Working group on clusters and social economy

Three rapporteurs of the working group on 'clusters and other forms of cooperation for Social Economy' presented an intermediate report produced by the working group. The working group identified 29 cases of Cluster of Social and Ecological Innovation together with a first data and qualitative

analysis. The 29 cases were gathered during an explorative mapping and were contributed by members of the working group. Some first conclusions of the analysis were put forward and recommendations (towards the Commission, Member States, local and regional governments and Social Economy stakeholders) were presented).

Besides the presentation of the report some next steps were suggested:

- Continuation of the mapping exercise
- Looking into digital alternatives
- Exploring more awareness and knowledge about the concept and efforts to mainstream these phenomena under the existing Cluster policy measures, such as the cluster observatory
- Analysing different modes of operation of Cluster of Social and Ecological Innovation
- Analyse applied practices in the field of skills & training, research an technologic development, research and application, public procurement and impact measurement.

The working group will be continued until the event on Social Economy in Mannheim in November 2020. The working group has the ambition to deliver a final report with recommendations in Mannheim and will explore the possibility to organise a dedicated Workshop on this subject.

Several experts stated their positive appreciation for this work and welcomed the publication of the intermediate report and its recommendations.

One expert highlighted the added value in terms of research on traditional clusters and the potential to expand this with the knowledge gathered in this working group.

One expert had doubts about the conceptual definition and noticed confusion with other aspects.

One expert welcomed the ambition to look into digital tools that might be developed by a cluster for a cluster and also to look into the conceptual discussion to what extend digital clusters might exist.

The Commission made some conceptual clarifications and explained out of the result what the differences and similarities are between ‘traditional competitive’ clusters and Cluster of Social and Ecological Innovation.

3.4. Working group on Finance under the Social Investment and Skills window

DG EMPL recalled that the working group held four meetings in 2019 during which it provided valuable input to the Commission as part of the preparation of the InvestEU Fund’s Social investment and skills window. The members had received a report summarising the reflections of this group.

The discussions with the working group have been useful in feeding into the preparatory work, including the InvestEU Investment Guidelines and designing the instruments under the Social Investment and Skills window. In the big picture, it was important to note that with the financial instruments, the EU 4 billion of funding was expected to significantly mobilise private investment of up to EUR 50 billion in this space through a variety of financial mechanisms.

Some of the main takeaways of the discussions were highlighted:

- There was strong support from the GECES working group for the InvestEU Social Investment and Skills Window and the need to continue building on the existing tools for microfinance and social enterprise finance begun under the EU Programme for Employment and Social Innovation (EaSI). The focus was on evolution, rather than revolution; there was a need for continuity and further reinforcement of EU resources for microfinance and social enterprise finance in the next period 2021-2027.
- The social investment space in Europe was highly heterogeneous with varying levels of development. Any EU-level support measures should take into account the diversity of actors and geographies. Careful reflection was required on which measures merited EU level support in favour of EU policy priorities, and funding needs, which should instead be left to the national level.
- An eco-system approach was essential as social investments required a diverse range of financial instruments (guarantees, debt and equity) combined with advisory support and grants. Grants were an important complementary form of support.
- Hybrid financing i.e. mixing different risk/return/impact profiles in order to de-risk private capital had a particular role to play when combining funding from different sources such as ESF+ and InvestEU, or which combined contributions at an EU level with contributions from a member state.
- Social sustainability proofing was an important innovation in the future InvestEU fund. The sustainability proofing of all projects above a certain size was key to reflect the EU commitment for all actions to contribute to climate, environmental and social progress, but it needed to be applied in a proportionate manner.
- Higher thresholds for microfinance (above EUR 25k) and social enterprise finance (above 500k) were warranted for scaling up support. In addition, the pricing of financial products needed to account for the social impact generated; impact measurement played a pivotal role in the social investment space, while social finance labels also helped to mobilise finance.
- More communication efforts by all concerned stakeholders in the social investment space were paramount. The language employed needed to be more easily understood to all potential beneficiaries in

order to meet local needs of actors on the ground.

Several experts took the floor drawing the attention to the following issues:

- The importance of sticking to several key principles in the social field: primarily public responsibility, involvement and capacity building of stakeholders
- Connections between Invest EU and other EU programmes, notably the ESF+
- Importance of communication, reflecting the diversity of stakeholders
- Possibilities to draw from the previous work done by GECES on social impact measurement.

The Commission thanked the members for their input. No further meetings were planned of the working group for the time being, however, it could be re-activated if needed and members would be informed accordingly.

3.5. Feedback from in-depth policy reviews for NL and LT (OECD-European Commission)

DG EMPL recalled that in-depth country reviews are part of the cooperation between the Commission and the OECD, implemented by the OECD. They are an opportunity for the countries to get an independent, international expertise based opinion on the situation and recommendations on actions to be taken. Members had received links to recently published review reports on the Netherlands and Lithuania.

The chair gave the floor to the Netherlands, Robin Molenaar (Ministry of Labour) and Mr Abou Omar (Ministry of Economy), who shared shortly their experience regarding the review. They underlined that the recommendations put forward in the review provided useful input to the ongoing policy debate. Notably, the Netherlands are currently considering various options for formally recognising social enterprises while ensuring a level playing field for all. Some other recommendations provided input for a longer term agenda.

The chair gave the floor to Andzelika Rusteikiene, (founder of Social enterprise Association in Lithuania) and asked her to comment the Lithuania review from stakeholder perspective. She welcomed the review and considered it extremely useful for a country where a draft law is currently debated in the parliament and where social enterprises have been developing in an environment, which lacks clarity, coherence, coordination and continuity. The review pointed to these key issues and put forward pertinent recommendations to create clarity and enhance coordination.

Ireland asked further information concerning the concrete follow up in both countries and expressed the interest to possibly conduct such a review in

Ireland in the future.

OECD further clarified the methodological nature of the exercise and thanked for the positive feedback.

The Commission reminded that a review for Estonia is currently under way and will be published in the near future. Member States will be informed about further review opportunities.

3.6. Presentation of the study “Cooperation between traditional enterprises and social economy enterprises”

The Commission presented the study on cooperation between traditional enterprises and social economy enterprises”, as this study was published in summer on the Commission website of the Commission and promoted via the different social media channels.

This study was carried out from 2017-2018 by a consortia led by *Technopolis Group* and consulted beyond the consortia a set of researchers in Europe and beyond. The study contains a data analysis part and a qualitative part. Over 1100 enterprises were consulted via a survey on their experience of cooperation. As part of the contract, an awareness-raising event was organised in Brussels in July 2018, showcasing over 35 examples an gathering over 300 participants (business, policy and intermediaries).

The Commission presented the theoretical framework, a sample of theme examples and conclusions in the in the form of barriers and opportunities.

Generally experts welcomed this exercise and recalled the importance of the topic.

One expert questioned the sample of examples presented by the Commission, as being very much CSR based and in a sense where a donation goes from a traditional enterprise to a social enterprise to do good.

One expert wanted to warn for terminology and narrative, as the title and approach suggests a different world that not reflects necessarily reality. As cooperation is important, it is rather recommendable to highlight similarities, rather than differences. The Commission agreed with this statement and clarified that one of the conclusions was that many social enterprises, such as the WISEs, seem to have very similar operational practices, which makes cooperation easier. Others might have very similar operations, however face issues because of other governance models and decision making structures. This might lead to some misunderstanding. Overall, this study contributed to the creation and visibility of synergies, because it showed many opportunities and highlighted many preoccupations that unnecessary block cooperation.

One expert appreciated difference in topics available in the study, ranging from public procurement, circular economy, CSR, gender, impact investing

to clusters.

One expert highlighted the necessity to work more on awareness raising towards business that have no idea about the practices and economic added value of social enterprises.

One expert wanted to know more about what kind of trade happens and to what extent value chains alignment is visible between traditional enterprises and social enterprises and if the study prevails data on this. The Commission responded that these data are unfortunately not available. What the study does highlight in terms of reasons of cooperation is that usually access to markets is a predominant factor from both ways, rather than expanding of values or publicity. This also means that an ambition to align for example towards each other's value chains asks more time and is very often a later result of initial cooperation via occasional trade.

3.7. **Increasing visibility: European Social Economy Regions project in 2019**

DG GROW presented outcomes of the 2019 edition of the European Social Economy Regions (ESER) initiative. Following the 2018 ESER pilot, the 2nd edition of the initiative attracted more than 50 regions and cities from 23 EU Member States and COSME third countries. ESER 2019 concluding event (Brussels, 10-11 October 2019) with audience composed of 70 regional and local ESER 2018/2019 partners provided COM with a clear mandate to continue with the initiative in 2020. Targeted inter-regional collaboration, spreading the initiative beyond the EU borders, further support to building a social economy community of practice as well as an active role of ESER community on the road to Social Economy Summit 2020 in Mannheim has been highlighted during the concluding event. The ESER 2020 call with innovative elements will be launched in December 2019.

4. **WHAT IS ON THE AGENDA**

The Commission announced that the three winners of the **European Social Innovation Competition** would be announced on 24 October in Brussels, each to receive EUR 50,000 in prize money.

The **study on the impact of the Social Business Initiative** was also mentioned. Following a call for tenders, the contract has been awarded to a consortium comprising three partners: Spatial Foresight, EURICSE and European Center for Social Finance. The study results are scheduled to be ready for autumn 2020 and would constitute an important part of evidence for any future policy initiatives in this field. A specific GECES plenary would be dedicated to this in 2020.

The Commission mentioned that DE would hold a **Conference on Social Economy in Mannheim** during its Presidency and the Commission would co-organise it. The Summit will take place on 26 and 27 November 2020.

A call for expression of interest will be launched early January to select workshops to be organised. The Commission services underlined that Commissioner-Designate Nicolas Schmit had explicitly expressed his commitment to work together with other commissioners to make this event as an important milestone to *“bring actors together and to have a plan to promote social economy in relation to the big challenges we have in our societies and to use the tool of social economy”*

5. OTHER INFORMATION SHARED BY THE PARTICIPANTS

Several members shared the latest developments in their respective countries. In Finland the current government programme includes new kind of recognition of the role of social enterprises and consequently there is currently a process to prepare a strategy and possible action plan. Sweden has recently adopted a national strategy and currently its implementation at regional level is a key issue. Ireland adopted a new policy in summer and first experience on its implementation is being gathered. In this context research will be carried out on macroeconomic impact of social economy. France is currently chairing the monitoring committee of the Luxembourg declaration and an important event was to take place on 27 November 2019 in Strasbourg. The initiative Pact for Impact has been launched and will be followed-up by three specific international working groups.

An observer updated about the challenges related to the social economy agenda in developing countries. There is an effort to pass a UN resolution on this subject, which would be an important step in terms of international visibility and recognition.

OECD will start a large international project financed under the Foreign Policy instrument (EU External Action Service) aiming at delivering international guidance on legal frameworks and social impact measurement standards as well as strengthening the stakeholder community.

A member suggested creating a GECES working group on social impact measurement. A member informed about the upcoming WISE award ceremony.

A member mentioned their campaign to re-launch the Social Economy Intergroup at the EP and invited other members to join. He underlined the meeting that would take place on 20 November at the EP on that topic. He also recalled the Action Plan prepared by his organisation and underlined the work carried out but the Commission during the current mandate to stimulate the development of the social economy.

The Commission confirmed that it will consider the various proposals put forward by members concerning the future agenda and working methods of GECES and its working groups and will provide members with further information in course of the year 2020.

6. NEXT MEETING

It is scheduled that two GECES plenary meetings will take place in 2020, one in **September 2020** focussing specifically on the SBI impact study and a general plenary in the context of the Social Economy Summit in Mannheim in **November 2020**. Exact dates will be communicated in due time.

7. LIST OF PARTICIPANTS

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