

## Social Economy Thematic Network

Meeting in Madrid, 16-17 October 2017

### Opportunities for social economy enterprises in new emerging sectors and digitalisation: The European Social fund as key to change

#### Minutes

#### Summary

The Social Economy Thematic Network met in Madrid on 16-17 October 2017. The first day of the meeting was combined with public conference organised by CEPES, which attracted about 90 people. Activities started with a study visit to a local co-operative school (Gredos San Diego), after which Spanish and European social economy policy were introduced.

The meeting then studied cases of the social economy policy environment in Scotland and Sweden, and broke into small groups to discuss how to adapt policy to technological development. On the second day a study by Abay Analistas was presented followed by a further 4 cases of cooperatives working in new sectors, including sub-contracting from large firms. A final session considered how the ESF could prepare the social economy for new trends and sectors, discovering the wide variety of approaches that Member States are taking.

**Agenda:** [https://ec.europa.eu/esf/transnationality/filedepot\\_download/1140/1251](https://ec.europa.eu/esf/transnationality/filedepot_download/1140/1251)

#### Participants:

Approximately 90 people attended the conference section (the first day). The following attended the Thematic Network meeting proper (the second day).

BEnl	Jelle Debaenst Björn Elewaut	ESF Flanders Maatwerkbedrijf BW IMSIR
CY	Christopher Markides	Ministry of Labour, Welfare and Social Insurance
CZ	Linda Maršíkova Petra Francová	Ministry of Labour and Social Affairs P3
EL	Vassiliki Staikou  Natasa Kontaratou  Iliana Plati Dimitris Koukoulakis Antonis Politis	Executive NRSF Structure for Employment and Social Economy, Ministry of Labour EYSEKT (ESF Actions Coordination and Monitoring Authority / Ειδική Υπηρεσία Συντονισμού και Παρακολούθησης Δράσεων ΕΚΤ Ministry of Labour CommonsLab Open Technologies
ES	José Manuel Laclea José Manuel Wolff Sophie Besancenot Carlos Lozano	UAFSE, Ministry of Employment and Social Affairs “ CEPES (Confederación Española de la Economía Social)

	Isabel Rueda Jorge de la Calle Elvira González Gago Maribel Martinez Martin	“ GSD Cooperativa Abay Analistas “
FI	Sinikka Kauranen	Centre for Economic Development, Häme
HR	Ksenija Wasserbauer	Ministry of Labour and Pension System
HU	Zsolt Ruzskai	Ministry for National Economy
PL	Małgorzata Saracyn Pauline Chodyra	Ministry of Family, Labour and Social Policy Centre for European Projects
SE	Anna-Lena Wettergren Wessman Marcus Bergh	ESF Council Coompanion
UKsc	Pauline Graham Kim Wallace	Senscot Social Firms Scotland
EU	Karel Vanderpoorten Victor Meseguer Diana Dovgan Dorotea Daniele Toby Johnson Leda Stott	EC DG GROW Social Economy Europe CECOP DIESIS/AEIDL (Thematic Expert) AEIDL AEIDL (Partnership TN)

## 1. Study visit

Prior to the formal meeting, a visit was made to Gredos San Diego,<sup>1</sup> a co-operative school in Madrid.

## 2. Introduction

**Carmen Casero**, MEYSS (Ministerio de Empleo y Seguridad Social), outlined the importance of the social economy in Spain.

**Juan Antonio Pedreño**, president of CEPES, noted that Spain has been a signatory to the European declarations on the social economy, and that CEPES is implementing a development strategy that runs till 2020. Things are happening fast, and opportunities rare arising to meet social needs.

**Karel Vanderpoorten**, expert on secondment from ESF Flanders to DG GROW, complimented the hosts for the study visit that had taken place to a very entrepreneurial social co-operative before the start of the meeting. He emphasised that the Commission views the social economy not as ‘firemen’ coping with the economic and financial crisis, but a true sector of the economy. It is concerned to promote entrepreneurship, innovation and cross-border co-operation.

He then set out the European Commission’s policy on the social economy. President Juncker had noted that “The wind is back in Europe’s sails”. Policy has developed from the Social Business Initiative in 2011 to the Council conclusions in 2015 and the GECES report in 2016. The Start-up and Scale up initiative<sup>2</sup> was launched in October 2016 in answer to the GECES report, and has 5 pillars: finance, markets, frameworks, innovation and the international

<sup>1</sup> <https://www.gsdeducacion.com/>

<sup>2</sup> <https://ec.europa.eu/digital-single-market/en/news/new-initiative-startups-start-and-scale-europe>

dimension. More than 20 DGs are now taking part in the internal Commission task force on the social economy.

On 16 November 2017 the Commission is sponsoring a side event at the Social Summit in Göteborg, called *What role for the social economy in the future of work?*<sup>3</sup>

Presentation: [https://ec.europa.eu/esf/transnationality/filedepot\\_download/1140/1189](https://ec.europa.eu/esf/transnationality/filedepot_download/1140/1189)

**Ángel García Frontelo** of UAFSE (Unidad Administradora del Fondo Social Europeo) explained that Spain has a €2.1bn budget for youth and an €800m budget for the Social Inclusion and Social Economy OP (POISES). CEPES, which represents 80% of the country's social economy and 2.5m workers, is an Intermediary Body with a budget of €43m. Two calls for proposals have been published.

### **3. New market demands and trends: challenges and opportunities for social economy enterprises in Europe**

**Maribel Martínez Martín and Elvira González** of Abay Analistas presented their study *New sectors and trends in the labour market of the future: opportunities and networks for the social economy*.

Presentation: [https://ec.europa.eu/esf/transnationality/filedepot\\_download/1140/1190](https://ec.europa.eu/esf/transnationality/filedepot_download/1140/1190)

There are 3 key trends: climate change, demography (aging and migration) and inequality. The drivers of change are technical innovation, globalisation, the fight against climate change, demography and changing social values. These have impacts on employment, inclusion and social protection, and lead to the emergence of new sectors of business.

There are 4 main areas of technological change: the internet of things, big data analytics, artificial intelligence and blockchains.

A lot of existing jobs will be lost, but new ones will emerge. Technology eases access to services but requires social protection systems to be modernised. In 2012 the European Cluster Observatory identified **7 emerging industries: creative, green, experience, blue, mobile, mobility, health & care**.

The social economy contributes €4bn of intangibles to the Spanish economy each year – because of its values. It is strong in services, and must keep its lead through digitalisation. It must experiment.

#### **Debate**

Antonis Politis (Open Technologies) asked for further information on POISES and commented that EC policy was doing harm as well as good. Toby Johnson commented that social enterprise policy, however slow it has been to develop, is one of the more hopeful of the EU's policies, and it is enabling Member States to learn a lot from each other.

Marcus Bergh (Coompanion) asked how the Commission was promoting the **sharing economy**. Karel replied that the Commission had published a call for tenders and is looking forward to receiving some interesting proposals. It is convinced that the social economy sector should be able to give a new interpretation to platform businesses and the sharing economy according to the sector's values, e.g. decentralised platforms. There are many opportunities for social economy responses – Uber is not the only model.

Diana Dovgan (CECOP) noted that although EU policy is improving, there are still countries where co-operatives cannot establish digital enterprises, or access SME finance, so the Commission needs to keep pushing on this.

Karel reiterated that not only does the Commission need to do this, but the social economy needs to engage as well, to convince others.

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<sup>3</sup> [https://europa.eu/newsroom/events/what-role-social-economy-future-work\\_en](https://europa.eu/newsroom/events/what-role-social-economy-future-work_en)

## 4. ESF experiences in Europe

### 4.1 Scottish social economy strategy – Pauline Graham and Kim Wallace

Presentation: [https://ec.europa.eu/esf/transnationality/filedepot\\_download/1140/1191](https://ec.europa.eu/esf/transnationality/filedepot_download/1140/1191)

Background paper: [https://ec.europa.eu/esf/transnationality/filedepot\\_download/1140/1252](https://ec.europa.eu/esf/transnationality/filedepot_download/1140/1252)

Some statistics: Scotland has over 5,600 social enterprises, employing 87,000 people, 64% of whom are women. It is 56% urban and 32% rural. It shows a 1:2.5 wage differential and has gender-balanced boards.

The strategy has been developed bottom-up through a process of **coproduction**: Sencot and Social firms Scotland went out to the movement, asked them if they wanted to develop the strategy, and consulted over an 18-month period. It is based on Scotland's strategy for inclusive growth.

The ecosystem has been developing apace since EQUAL times, but needed a long-term strategy to bring stability. Since 2007 the government has recognised the SE's role in public service delivery, and its social as well as its economic value.

Scotland's SE Strategy was published in December 2016. It is implemented through 3 action plans. It scored a first by being allocated a parliamentary debate.

The main relationship with the ESF is in inclusion, which has been used to create 3 funds:

- Empowering Communities Fund (€21m) – active inclusion
- Social Economy Growth Fund – social entrepreneurship
- Social Innovation Fund, which gives 100% loans of between €33,000 and €55,000 to develop social, innovations such as food banks and affordable cremations. Assist Social Capital has created a mapping tool for social capital, as used for example by Linthouse Lunch Club for older People in 2012-14.

The Social Enterprise World Forum will be held in Edinburgh again on 12-14 September 2018.

### 4.2 The social economy as an ESF stakeholder in Sweden – Anna-Lena Wettergren Wessman

Presentation: [https://ec.europa.eu/esf/transnationality/filedepot\\_download/1140/1188](https://ec.europa.eu/esf/transnationality/filedepot_download/1140/1188)

Sweden has 1 national OP with 8 regional action plans. Its overall target is a successful labour market with sustainable long-term employment. Projects are selected by **structural fund partnerships** which include the social economy, so the social economy is a real stakeholder in designing the OP.

Projects have to bring in their own cofinancing, of between 33% and 53%. Nevertheless taken as a whole the SE is the second-largest project promoter, after municipalities.

Some example projects:

- MIP Kompetenscenter, Malmö –skills development
- Initiativet Lund (Coompanion and Lund University): design for migrant women
- Regis (7 museums) – digitalisation, GIS and registration (not ESF)
- Multimedia and web development

ESF-Rådet is looking for businesses that can be socially franchised.

Employment is a national policy, and **it is only through the ESF that regions play any role**. This is in contrast to the ERDF, where regions lobby actively. The Ministry of Industry has started to show an interest in SEs, and subsidises Coompanion to support social entrepreneurship. Universities also promote it.

### 4.3 Debate

Who it is that does not “get it” that social enterprises are worth specific ESF spending (e.g. loan funds)?

- In Scotland the main sceptics are government officials, and politicians just want to spend the money. The Managing Authority’s **fears of audit** are a brake on innovation. There is a **lack of vision** at the top level. Nevertheless taking part in SEN was a real inspiration and funds are now **oversubscribed**. As half the money is spent, there is scope to negotiate.
- By contrast in Sweden when a national call on social economy was published, it ended up with no viable projects. The lesson from this is that a more intensive process of **dialogue and mobilisation** should be engaged in before launching such a call.

### 4.4 Conclusions

Dorotea thanked CEPES and UAFSE for organising the event, and expressed her happiness that Spain has become active in the network.

Over the years the network has changed the relationship between the ESF and the SE from a donor-recipient one to a partnership. We have to make the SE more visible in emerging areas – as DIESIS has recently done in sustainable food and will do with the creative sector in a forthcoming project.

## 5. Social economy experiences in digitalisation and emerging sectors

### 5.1 Working groups on ESF programmes and best practices to encourage the social economy to adapt to changes in the mode of production

#### 5.1.1 Policies:

**Greece** has a new social enterprise law and a new strategy, and is now writing a call for projects for regional support organisations.

**Poland** successfully established 60 regional support structures through a similar call. However they remain grant-dependant. The ministry certifies their quality. Poland also used the ESF to set up a huge loan fund and a guarantee fund. Their focus is on social services and local development, so there is no emphasis on new technologies. Poland subsidises WISEs from a tax on companies employing over 25 people that do not employ their legal quota of 6% disabled people.

The **Czech** SE law has fallen because of the election.

**Scotland** has adopted a Procurement Reform Act which gives teeth to social clauses.

**Spain** issued a social innovation call worth €4m for 2017-18 and will repeat this for 2019-20. There were 24 applications of which 10 have been approved, and only 3 are really innovative. ONCE and Fundación Secretariado Gitano are working on digitisation and social balance sheets. It is difficult to get good applications, since the definition of social innovation is not clear.

In **France**, CGSCOP has set up the Coopinvest fund for digital start-ups. This even funds organisations that are not SCOPs (workers’ co-operatives), so long as they respect co-operative principles.

#### 5.1.2 Current developments in new sectors:

- Flanders: energy generation and group purchasing
- Czech Republic: archive digitisation – small co-operative working with large companies

- Croatia: websites, visual identities, e.g. ACT Printlab<sup>4</sup>
- Spain: healthcare & green sectors
- Italy: strong care sector. Many cases of partnership with big companies such as Vodafone: e.g. technology to allow old people to stay at home. Depends on existence of large consortia that give scale, and enable smaller co-operatives to take part without investing in technology
- CECOP: potential in health depends on the country – e.g. public in UK, associative in France, co-operative in Italy – and also on legal frameworks: the social co-operative in Italy and the SCIC in France are good, but the public service mutual in the UK is bad.
- Big data: Health mutuals and co-operative banks and retailers have a lot of data – but is it any use? In CZ the Vodafone Foundation, supported by the emergency services, is developing an app to locate emergency calls. Another example is an app to remind Alzheimer sufferers of appointments.

## 5.2 Four social enterprises in new sectors

### 5.2.1 Open Technologies, Greece – Antonis Politis

Presentation: [https://ec.europa.eu/esf/transnationality/filedepot\\_download/1140/1193](https://ec.europa.eu/esf/transnationality/filedepot_download/1140/1193)

Open Technologies,<sup>5</sup> founded in 2015, operates on the ‘open co-operativism’ model adopted by Enspiral<sup>6</sup> in New Zealand, which is based on the idea that small companies need to: collaborate not as an ethical choice, but as a business necessity. It develops open-source, peer-to-peer products and is incubating 3 new enterprises. People can work within the co-operative, or spin off from it. Its turnover is currently €40,000 a year and should reach €100,000 in 2018.

### 5.2.2 Gredos San Diego, Spain – Jorge de la Calle

The Gredos San Diego workers’ co-operative is 33 years old and has 1,041 members. It operates 8 colleges and offers education from nursery to professional level. Its objective is sustainable integration. It helps new coops to grow, by taking the risk of developing new ideas, for instance in disabled care, technical services or making school uniforms. It also promotes international co-operation – for instance some Costa Rican coffee-growers are members, and its students undertake 10-week Erasmus placements in companies around Europe. Schools are a great opportunity to promote co-operation, and the co-operative aims to have a transformative impact on the context.

### 5.2.3 CommsLab, Greece – Dimitris Koukoulakis

Presentation: [https://ec.europa.eu/esf/transnationality/filedepot\\_download/1140/1192](https://ec.europa.eu/esf/transnationality/filedepot_download/1140/1192)

CommonsLab has 5 full-time working members and promotes open source software and hardware tools for the social economy. It relies on global design and local manufacture, and turns university research into products, including a syringe system for 3D printing, and automated winery and eye-tracking for dyslexics. It runs workshops in schools.<sup>7</sup>

The advantages of the digital social economy are:

- low capital costs – €2,000 for a production line. Most of the investment is in time and knowledge
- flexibility – easy to move between sectors
- culture of collaboration and inclusiveness

<sup>4</sup> <http://www.printlab.hr>

<sup>5</sup> <http://www.open-tech.gr>

<sup>6</sup> <https://enspiral.com/>

<sup>7</sup> #Hackyourclassroom: <http://www.sgt.gr/eng/SPG1701/>

- if young fail, want you created remains for others to build on: “Your work never dies”

The **Coop Box**<sup>8</sup> is an open source tool for crowdfunding social enterprises: an electronic donations box which showcases small projects. However it was not commercially sustainable. Some causes: (1) there is little enthusiasm for co-operatives, which have a bad image; (2) they are unable to access the ERDF; (3) the co-operative law is bureaucratic; (4) funding programmes for business punish cooperatives: e.g. lenders require documents from every member. As half the population owes tax or national insurance this makes fundraising impossible.

#### 5.2.4 Maatwerkbedrijf BW IMSIR, Flanders – Björn Elewaut

Presentation: [https://ec.europa.eu/esf/transnationality/filedepot\\_download/1140/1187](https://ec.europa.eu/esf/transnationality/filedepot_download/1140/1187)

IMSIR, based in Boom, just south of Antwerp, is 50 years old and bills itself as “an enterprise like no other”. It develops every talent of its employees and gives sustainable employment either within or outside the enterprise, while serving customers as a normal supplier. Five municipalities - Aartselaar, Boom, Hemiksem, Niel and Rumst – are involved in its governance. It has 490 employees: 250 in social care, 75 in LTU services and 165 in production by disabled people

BWIMSIR<sup>9</sup> is IMSIR’s sheltered workplace division. Its sales are €2.1m a year excluding subsidies. It operates (1) the biggest bicycle wheel assembly plant in Benelux, and the only ISO-accredited one, which makes 20,000 wheels a year and employs 50 people; (2) packaging and despatch solutions; and

(3) Telenet Reverse Logistics.<sup>10</sup> The partnership is now 10 years old. Before 2009 all returned telecoms equipment (600 tons a year) was just scraped. Now returned set-top boxes go to IMSIR which tests and reconditions them. This work doubles the life of the modems. A similar line of work recycling digital televisions failed.

Telenet and its suppliers account for half of the sheltered workshop’s sales. Its factory is in effect part of Telenet, in that Telenet workers can work for a day at BWIMSIR, and hold meetings in its offices. Telenet pays a bonus if BWIMSIR exceeds its service level agreement and key performance indicators, which is shared with the workers, giving transparency and motivation.

### 5.3 Some points from workshop discussion

Discussion questions:

[https://ec.europa.eu/esf/transnationality/filedepot\\_download/1140/1186](https://ec.europa.eu/esf/transnationality/filedepot_download/1140/1186)

#### Growth sectors

Care is a growth sector but depends on local situation.

3D printing can meet local needs and does not need a large market.

Digitisation of archives is promising – but requires skills.

Big data may be an avenue for health mutual.

#### Innovation

Member States are struggling with how to fund social innovation: whether to replicate success or promote profound innovation? Flanders has commissioned 22 studies on future areas for social economy development.

Attracting young people would encourage innovation – need publicity campaigns.

<sup>8</sup> <https://www.youtube.com/watch?v=SeVways1C8U>

<sup>9</sup> <http://bwimsir.be>

<sup>10</sup> <https://press.telenet.be/telenet-en-bw-imsir-een-brug-tussen-economie-mensen-en-milieu>

Closeness to clients can facilitate crowdfunding.

Businesses can scale up by collaborating with larger firms.

We should look at existing social economy innovation structures such as in Mondragón or the Italian consortia.

The EU is keen to support innovation – recommends spending of 3% of GDP – and with DG GROW we have a virtuous circle. Yet the ESF often ignores entrepreneurship. There is a prejudice that the traditional social economy is not entrepreneurial.

The way to overcome such prejudice is to show politicians that the social economy solves problems.

## 6. Conclusions

The social economy holds the trump cards of close knowledge of customer needs, integrity, trust and hence access to member investment i.e. crowdfunding. Some aspects of relevance to the ESF are:

- Skills – a longstanding ESF function
- Links with large companies – good examples today of relationships with Vodafone and Telenet. The **Social Challenges Innovation Platform (SCHIP)**<sup>11</sup> is now online and EMPL has a study under way.
- Capital – crowdfunding
- Incubators, e.g. Mondragón, consortia
- R&D

There are still barriers:

- Legal discrimination
- The expectation that disadvantaged employees in sheltered workplaces will be mainstreamed (doorstroemt) into 'open market' jobs – this is not always a relevant or realistic expectation
- The illusion that grants are shameful – they are entirely justified where a social enterprise perform a socially useful function

### What can ESF Managing Authorities do?

How can MAs prepare to create the new jobs in emerging sectors? The ESF is not just about filling existing jobs, but also about preparing people to create their new jobs by being entrepreneurial. MAs should be receptive to project promoters and their idea of what constitutes social innovation.

**CECOP:** we need co-operation between the SE and traditional enterprises in technology sectors, to provide markets for small innovative co-operatives. The open source movement has much in common with the SE. Governments can help this through procurement policy. The ESF could support the sharing of good practices. Platform co-operatives open the path into the collaborative economy, but we need a legal framework. However the ESF is difficult to use: programmes are designed 5 years in advance and the rules and bureaucracy are a deterrent.

**Flanders:** will continue innovation calls and testing grounds (see minutes of Ljubljana meeting).

**Cyprus:** The sector is not at all formalised and the SE law is still in parliament. Political will is weak and the earmarked ESF funds have been reallocated elsewhere, but if the law is passed it maybe possible to replace this with national funding. The ESF can support coaching, incubators and patient capital, and the proposal includes a makerspace for young entrepreneurs. Some good practices that deserve emulation are:

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<sup>11</sup> <https://www.socialchallenges.eu/>

- Bring in young people with new digital ideas (Mondragón).
- patient capital funds (ES & IT)
- partnerships between SEs (Scotland)

**Czech Republic:** Most support is through innovation policy, with expectations of job creation and links with the conventional economy. . The definition of social innovation is being tightened up. The sustainability of social innovations is difficult to prove. An SE strategy is being developed, and to improve sustainability it includes support for financial instruments. Its focus is on expanding existing SEs.

Social economy strategies have ESF support in Scotland and Croatia. The ESF should create spaces, help networks to share good practices, work with stakeholders during the design of operational programmes

**Greece** has a good SE action plan, to promote: (1) visibility; (2) networking among social enterprises and between social enterprises and the government; (3) access to markets; (4) support structures; and (5) education. However there is no solid dialogue partner for the government.

**Spain:** In this programming period there is not much freedom of manoeuvre. There are 2 calls for proposals (mainstream and social innovation) which can be improved using the results of this event; and communication can be improved (website, social media). There is a need to spread good practices among MAs, and for dialogue.

**Hungary:** the main aim of the call is job creation. Over 1,000 social coops have been created, and 300 were supported last time. Sustainability is a problem, so the focus is now on this. Setting up an advisers' network.

**Sweden:** Will talk to stakeholders about including this item in calls.

## 7. Network management

### 7.1 Review of the European code of conduct on Partnership

Leda Stott, expert of the Partnership Thematic Network, thanked members for sending in so many examples of partnership for the review of the ECCP. They will be validated and published. The idea of the review is to promote a collaborative culture. This exists within a dynamic, constantly changing context, which depends on political will. It also requires skills: how to select projects; how to build the capacity of small organisations; how to deal with poor dynamics; how to be the glue between the small organisations.

### 7.2 Future network activities

Dorotea invited members to contribute ideas for future activities.

We have now dealt with many of the issues raised in the baseline study.

We have a proposal from Bulgaria, which is holding a Presidency conference on the social economy on **16-17 April 2018**. A decision is needed from us in 1 month.

Some ideas: partnership / social impact measurement / demographic challenge. There is no proposal yet for another peer review.

Zsolt noted that Hungary is also planning to hold an international conference in 2018Q2, but will postpone to avoid clashing with the Bulgarian conference.

Scotland is housing the Social Enterprise World Forum in September 2018.

*TJO 20 Nov 17*