



PEER REVIEW
IN SOCIAL PROTECTION
AND SOCIAL INCLUSION
2008

THE SOCIAL ECONOMY FROM
THE PERSPECTIVE OF ACTIVE
INCLUSION: EMPLOYMENT
OPPORTUNITIES FOR PEOPLE
FAR FROM THE LABOUR MARKET

BELGIUM 12 – 13.06.08

SYNTHESIS REPORT



On behalf of the
European Commission
DG Employment, Social Affairs
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This publication is supported for under the European Community Programme for Employment and Social Solidarity (2007–2013). This programme is managed by the Directorate-Generale for Employment, Social Affairs and Equal Opportunities of the European Commission. It was established to financially support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields.

The seven-year Programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-27, EFTA-EEA and EU candidate and pre-candidate countries.

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- providing analysis and policy advice on PROGRESS policy areas;
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- promoting policy transfer, learning and support among Member States on EU objectives and priorities; and
- relaying the views of the stakeholders and society at large.

For more information see:

http://ec.europa.eu/employment_social/progress/index_en.html

Further information on the Peer Reviews and the Policy Assessment as well as all relevant documents are available at: <http://www.peer-review-social-inclusion.eu>.

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2008

PRINTED IN BELGIUM



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Summary

As the EU has expanded, it has become more diverse. The gap between rich and poor has widened, exacerbated further as the knowledge economy places more of an emphasis on individual skills and expertise¹. At the same time, the themes of social inclusion and cohesion have risen up the political agenda, as was seen with the adoption of the Lisbon Strategy in 2000, aimed at boosting Europe's competitiveness and tackling social exclusion.

Since the start of the new millennium, some progress has been achieved on reducing unemployment rates through macro-economic policy and labour market reforms. But a number of major issues still need addressing — not least the EU employment rate, which still stands at an average of just 66%. Equally pressing is the need to include the most disadvantaged in society — with those furthest from the labour market proving particularly difficult to integrate.

Recent labour market measures carried out in Europe have thus tended to focus not only on reducing unemployment but also on raising employment rates. To achieve this, efforts have centred on increasing the labour market participation of the economically inactive population and of those claiming health/incapacity/inactivity benefits.

This shift in focus has led to major investments in active labour market policies (ALMPs). These aim to make job markets more efficient by facilitating access to and mobility within the labour market, by improving information flows, by boosting employability skills through training and employment schemes, and by ensuring a better match between workers' skills and employers' needs.

1 Note there is a considerable diversity within the EU in the degree of income inequality and the extent to which it has changed (measured by the S80/S20 ratio of the income share of the top 20% to that of the bottom 20%). But there has been a steady upward trend in inequality since 2000 when the EU25 ratio was 4.5 increasing to 4.9 in 2005. Similarly according to another inequality measure, the Gini coefficient, a similar increase took place: the overall EU figure (2005) was 31, an increase from 29 in 2000. Ref: <http://www.eapn.eu/content/view/56/56/lang,en/>

In this context, the achievements of the social economy (co-operatives, mutuals, associations, and foundations) have become more apparent. Their historical close ties to communities and specialised support for disadvantaged groups give them a unique advantage when dealing with the social inclusion of the disadvantaged. This has led to a substantial growth of work integration social enterprises (WISE) in Europe.

A Peer Review on the social economy's role in active inclusion was held in Brussels on 12–13 June 2008. It was hosted by the Belgium Federal Public Planning Service on Social Integration, with the participation of seven peer countries: Austria, Cyprus, Czech Republic, Greece, Slovak Republic, Slovenia, and Sweden. Also participating were stakeholder representatives from the European Confederation of Worker Cooperatives, Social Co-operatives and Social and Participative Enterprises (CECOP-CICOPA Europe), the European Network for Social Integration Enterprises (ENSIE), and the European Federation of National Organisations working with People who are Homeless (FEANTSA), as well as representatives from the European Commission's DG Employment, Social Affairs and Equal Opportunities.

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The Peer Review looked at the Belgian experience in promoting active inclusion through the social economy — including through cooperatives, mutual societies, foundations, non-profit making organisations and what are broadly termed “social enterprises”.

Since it is part of public policy to support the social economy to address social exclusion, Belgium has a relatively well developed and recognised social economy (especially in the Walloon region). It is also home to some internationally renowned social economy organisations involved with work integration. There is a strong focus on creating permanent jobs, and recent voucher systems to develop proximity services have also served to considerably reduce the black economy, creating impressive numbers of new jobs, with subsidies to service users and providers.

The coordination of social economy activities through cooperation agreements between different levels of government and the involvement of stakeholders in continuous dialogues are also particularly interesting features of the Belgian model.



The Review also examined the situation in other peer countries, highlighting major cultural and policy differences when it comes to the development and institutionalisation of the social economy. For various reasons, many countries in “New Europe” have a limited view of the social economy, partly to do with linking the “social” to the economic. They, therefore, bring very different perspectives and require different terminologies and narratives to make the vision of the social economy relevant to national governments and other actors.

This rich diversity provided the basis for exchange of experience, both regarding the institutionalisation of the social economy and the success of work integration measures. Many features of the Belgian social economy were particularly interesting and the work integration activities viewed during the site visits gave a lasting impression of effectiveness and innovation. Nevertheless, there remain a number of challenges, such as developing measurement systems for demonstrating the added value of social enterprises or achieving a better balance as regards social inclusion between temporary measures or jobs and longer-term or permanent measures or jobs. The voucher system for proximity services also generated much discussion with the key issue being how to avoid “creaming off” and ensure effective social economy participation.

The Peer Review discussions will now feed into European thinking and action on social experimentation and innovation, a topic on which the European Economic and Social Committee is due to deliver an opinion in Autumn 2008. The French Presidency of the European Union will also host a conference on this topic.



1. Labour market inclusion and the social economy: the European policy context

European social inclusion and cohesion policies have taken on increasing importance as the EU has expanded and as unemployment has remained persistently high. In 2000, with the adoption of the Lisbon strategy² for growth and jobs, EU leaders recognised the need to boost European competitiveness and address social exclusion, pushing these goals to the forefront of the EU agenda. But while macro-economic policy and labour market reforms have gone some way towards reducing unemployment rates, it is generally recognised that more measures are needed to improve the EU employment rate, which currently stands at an average of only 66%. In particular, those furthest from the labour market require special attention as they have proved the most difficult to integrate.

Recent labour market measures in Europe

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The Lisbon strategy places a strong focus not only on reducing unemployment, but also on raising overall employment levels, by attempting to increase the labour market participation of the inactive population. Those claiming unemployment benefits have been an obvious target for employment integration measures. But special attention has also been paid to disadvantaged groups receiving assistance other than from unemployment benefits, such as from minimum income schemes or disability benefits. Indeed, this section of the population has grown considerably over the past 10–20 years.

Many countries have also invested in additional Active Labour Market Policies (ALMPs), aimed at making the labour market more efficient, namely by facilitating access to and mobility in the labour market, by improving information flows, by boosting employability³ skills through training and

² Initially agreed at the EU Lisbon summit in March 2000, then simplified and relaunched in 2005.

³ Employability is concerned with developing the knowledge, skills and attitudes so that an individual's capacity for getting and keeping work is improved.



employment schemes, and by ensuring a better match between worker skills and employer needs.

Approaches to improving the design and implementation of employment policy

Three distinct benefit-to-work transition philosophies have influenced the way in which broader employment and social inclusion policies have been developed and improved (Peters, 2007). The first — the **social risk management approach** — considers that work transitions are influenced by social risks such as the obsolescence of skills, stress, work intensity, ageing and family insecurity, crime and dysfunctional communities, work incapacity or retirement. It therefore seeks to manage these risks through financial means (tax and benefit schemes) or non-financial measures, such as ALMPs, lifelong learning and work and family life reconciliation.

The **economic or insurance approach**, on the other hand, assumes that individuals make rational choices regarding the allocation of their time, balancing leisure time and work (income) with a view to maximising welfare. It therefore puts the emphasis on boosting financial incentives to work, such as by lower taxes, in-work benefits and minimum wage increases. On the other hand, it also stresses tightening eligibility criteria for receiving such benefits by, for example, closing tax breaks for early retirement, etc.

Lastly, the **capabilities or resources approach** views the employability problem in terms of capabilities, so focusing on skills and training. It also focuses on benefit schemes as these can serve to raise people's access to resources — such as a telephone, a computer or a car — thereby furthering their chances of finding work.

EU Member States have predominantly applied the economic approach when designing their own labour market systems, introducing tighter eligibility criteria and less generous benefits, and seeking to make the combination of wages and benefits financially more attractive.



Addressing the needs of the disadvantaged: the role of the social economy

Standard government Active Labour Market Policies (ALMPs) are not always very effective for the socially excluded — partly because such groups are unable to cope with the diversity of social, training and employment support measures. Recent reforms show that specialised organisational forms, such as cooperatives, mutuals, associations, foundations and other community, voluntary and not-for-profit activities, are often far more successful in integrating the more disadvantaged.

Known more broadly under the term ‘social economy enterprises’, these forms of organisation have a long history of working for, and with, different types of disadvantaged group, enabling them to develop expertise and strong links with local communities.

Located mid-way between the public and private sectors, the social economy is officially defined in Europe by its family of organisational forms, but it has also been defined by its key characteristics, as follows (CIRIEC, 2007):

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“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. The Social Economy also includes private, formally-organised organisations 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.”

In the European Commission, the Social Economy is supported through the “Crafts, Small Enterprises, Co-operatives and Mutuals” Unit. Since 2000, it has further been represented by the autonomous European Standing Conference of Co-operatives, Mutual societies, Associations and Foundations (CEP-CMAF), which adopted the name ‘Social Economy Europe’ in 2007.



European employment and social cohesion policies aimed at helping the social economy to achieve its full potential have mainly been carried out through programmes such as the ADAPT or EQUAL initiatives, the European Social Fund, the Third System and Employment Pilot Action, and, more recently, the PROGRESS initiative. The Commission's October 2008 'Recommendation on the active inclusion of people excluded from the labour market' is also likely to prove important for the sector, as will the 'Small Business Act', prepared by DG Enterprise and Industry. Indeed, the largest part of the social economy sector is made up of small and medium enterprises (SMEs) and this new initiative aims to take better account of the diversity of the SME community, including social economy enterprises. What's more, the Act will propose changes and new legislation in a series of highly relevant policy areas for the social economy. Among others, it will propose the creation of a European Private Company status, amendments to the General Block Exemption Regulation aimed at simplifying the allocation of state aid, as well as a review of legislation on reduced VAT rates. It will touch upon legislation covering social services of general interest and the debate on the creation of a European status for mutual societies and foundations.

A growing sector with growing importance

The social economy sector has grown because of a need to find innovative solutions to social, economic or environmental issues and to help people who have been ignored or who have been unable to find adequate positions in the private and public sectors. Today, the sector employs over 11 million people, which represents about 6% of employment in the EU. It is therefore a considerable economic force and plays an important role in relation to employment policies. It saves jobs by transforming failed businesses into worker-owned organisations, or buyouts. It creates new jobs through support for disadvantaged people, including those with disabilities. It also generates new social needs — for example, increased childcare as women's participation in the labour market increases — and contributes to providing ethical/environmental goods and services linked to new social movements.



The significance of the social economy is most visible when it comes to integrating socially excluded people into society and into the labour market (CIRIEC, 2007). Indeed, it contributes to this goal through:

- Work integration initiatives, combining training with work experience to combat social exclusion and integrate people furthest from the labour market. Such social economy partnerships are aimed at a wide range of individuals, including those with disabilities, learning difficulties or drug problems. Evidence of the benefits they give rise to and their impact is well documented.
- Proximity services, carried out by community organisations with non-profit, co-operative, and mutual characteristics. They operate in a range of sectors, filling in where state provision proves insufficient. They are particularly active in helping to address the needs of failing communities (multi-racial/ethnic, inner city, and rural areas). Proximity services can also play an important role in bringing jobs out of the black economy.
- Associational activities act as an important complement to labour market integration when it comes to developing citizenship and assisting disadvantaged communities in building the fabric of their civil society, namely by helping them gain a political voice, strengthening their sense of identity, providing mutual support and self-help, and reproducing social capital.
- Social Enterprises represent the more commercial part of the Social Economy (comprising co-operatives, mutuals, and voluntary organisations — including charities and foundations). Indeed, they have commercial characteristics (trading in the market or contracting their services and employing people) whilst also having social goals (participation, user involvement, community benefit). They have emerged all over Europe as the market has moved into more and more sectors of activity⁴ (see Borzaga and Defourny, 2001 and the

4 Social Enterprise: the EMES criteria comprise economic and social dimensions of enterprises: Four factors have been applied to define the economic and entrepreneurial nature of the initiatives.



work of the EMES research network — www.emes.net). In Italy, for example, large numbers of social co-operatives have been set up to provide welfare services and increase the integration of people into employment. Similarly, in Sweden, several thousand nursery co-ops (childcare) have been created. In many other countries, voluntary organisations are moving into the market while work integration social enterprises (WISE), which are typically engaged in providing training in parallel with “real jobs” for some of the labour market’s most disadvantaged people, are becoming institutionalised (Nyssens, 2006).

An example of innovative practices in Europe: Work Integration Social Enterprises (WISE)⁵

Within Europe, public work integration programmes have gradually opened up to innovative third sector organisations, known as ‘work integration social enterprises’ or WISE. Many of these offer jobs with wages while providing training — thereby combining elements of both the economic and capabilities approaches.

This ability to combine labour market measures with non-financial mechanisms, such as lifelong learning or family-work reconciliation, is a key factor in the success and growth of WISE (see EMES⁶ Perse project). Also, their tendency to pursue an integrated approach, bringing together all bureaucratic steps under one single organisation rather than making

a) A continuous activity producing goods and/or selling services

b) A high degree of autonomy (*versus* dependency)

c) A significant level of economic risk

d) A minimum amount of paid work

Five factors have been selected for the social dimensions of the initiatives:

i) An initiative launched by a group of citizens

ii) A decision-making power not based on capital ownership

iii) A participatory nature, which involves the persons affected by the activity

iv) Limited profit distribution

v) An explicit aim to benefit the community

5 This section draws extensively from Davister, Catherine, Defourny, Jacques and Gregoire, Olivier, [2004]

6 EMES is a European research network on social enterprise and civil society, see: <http://www.emes.net>



people go from one government agency to another, makes them much more accessible to the socially-excluded and enables them to provide customised support for specific target groups.

Modes of integration

WISE are generally classified according to the modes of work integration and the types of subsidies they provide — whether permanent or temporary. In Europe, there are four main modes of integration⁷:

- a. Transitional employment (temporary jobs, temporary subsidies). The aim is to give a target group of disadvantaged people basic work experience (transitional employment) and/or on-the-job training to increase their employability in the labour market. The form of employment can vary depending on the work contract, ranging from traineeships (6 to 24 months; remunerated or unpaid with continued benefits) to fixed-term or open-ended contracts complying with national salary scales. By combining productive work (whereby products and services are actually sold in the market) with training for recognised qualifications, these types of WISE are aimed at improving the personal, social and professional competencies of participants, and so help to integrate them into the open labour market.
- b. Creation of permanent self-financed jobs (permanent jobs, temporary subsidies). These WISE are aimed at creating stable and economically sustainable jobs for disadvantaged people. In the initial stage, public subsidies are used to compensate for the target group's lack of productivity. These are then stopped or diminished after the training phase or as workers become competitive within the mainstream labour market and the WISE then have to pay the newly-integrated workers from their own resources. This mode of integration is best suited to people who, with training and support, can overcome their disadvantage and compete in the open labour market.

⁷ This classification is based on CES, HIVA and CERISIS (2001).



- c. Integration with permanent subsidies (permanent jobs, permanent subsidies). These WISE employ very disadvantaged groups — mainly people with physical or mental disabilities, but also people with a severe “social disadvantage”, for whom integration in the open labour market would be difficult in the medium-term. Providing stable jobs that are permanently subsidised by public authorities, these types of WISE include enterprises that are “sheltered” from the open market, such as the sheltered workshops in Portugal, Sweden and Ireland. But although such schemes can help people build a “social identity” and acquire some professional competencies, few workers involved in them actually become productive enough to find employment in the open labour market.
- d. Socialisation through work or productive activity. In this category of WISE, the aim is not to integrate people into the open labour market (even though this possibility is not excluded), but rather to (re)socialise the target groups by teaching the people concerned respect for rules, helping them achieve a more “structured” lifestyle, etc. The productive activity is subsidised and is “semi-formal” in the sense that it does not involve a standard employment contract, but more generally an occupational status, under which workers do not receive a salary but sometimes an allowance or free board and lodging (communal living). These types of WISE work mainly with people with serious social problems (alcoholics, drug-addicts, former convicts etc.) and people with severe physical or mental disabilities. Examples include Belgian waste recuperation and recycling enterprises that work with people having serious social problems, and occupational centres in Spain, which provide therapy as well social and personal services to people with serious disabilities.

The most frequent integration method used by WISE is transitional employment, but this varies strongly according to the country. France and Germany, for example, tend to concentrate their efforts on transitional employment, while Belgium and Ireland strive to ensure longer-term employment. Also, it appears that the majority of WISE concentrate on a



single mode of work integration, although some do combine various modes within the same enterprise. The most common combination is transitional employment with permanent self-financed jobs. This is the case, for example, in type B social cooperatives in Italy and in neighbourhood enterprises in France. No WISE provide temporary jobs with permanent subsidies.

Support structures for the social economy

As is the case with other SMEs, support structures are important in ensuring the effective functioning of social enterprises. Typically, support for the social economy covers the following areas:

- Technical support for production factors (including management). This includes training, financial advice, access to specialist financial institutions and marketing assistance.
- Economic and social support for sustainability — both with regard to the distinctive social dimension of social economy organisations (e.g. participation/governance) and in relation to their social networking role.
- Political support. This involves representing member organisation interests, lobbying, advertising the concept of Social Economy organisations, their characteristics and usefulness, developing legitimacy, as well as promoting legislation and fiscal measures. It is likely to be carried out at higher level by national or international organisations.
- Measuring added value. This implies helping social economy organisations to demonstrate their added-value and cost-effectiveness through the use of social audit methods and cost-benefit or social return on investment analyses.

Support structures facilitate networking among primary organisations, helping them to develop expertise, improve capacity and quality, and exchange information about challenging issues and good practices. Excellent examples include the Swedish '*Coompanion*' development structures (a network of



cooperative development agencies), and the Italian *consorzi* CGM, which provides local and national support for its member social cooperatives.

Typically, such structures need to be able to support both the creation of new enterprises as well as the strengthening of established social economy organisations. They can in turn be assisted by government, for example via access to community-owned assets, such as community buildings. In fact, current thinking about support to the social economy is that it should be “braided”, which means that social enterprises should be able to go through the normal channels of State business support for their initial needs, while specialist social economy support should be available where required.

Previous Peer Reviews and other events

Previous Peer Reviews are replete with examples of social economy organisations playing key roles, for instance:

- The November 2006 Roundtable for integrating Roma underscored the major role played by NGOs in helping this typically excluded ethnic group re-socialise and get into the labour market. For example, it found that, one third of the social workers in ‘on-the-ground’ programmes carried out by the Czech “People in need Foundation”, are now Roma.
- The voluntary non-profit centre *Pollicino* was also highlighted as a key player in discussions on policies preventing risks of exclusion of families with difficulties at the February 2005 Peer Review meeting in Italy.⁸
- An October 2007 Review in Spain also revealed the effectiveness of having six NGOs manage Spain’s multi-regional operative programme to combat discrimination together with public agencies.⁹

8 <http://www.peer-review-social-inclusion.eu/peer-reviews/2005/Preventing-the-risks-of-exclusion-of-families-with-difficulties>

9 <http://www.peer-review-social-inclusion.eu/peer-reviews/2007/multi-regional-operative-programme-to-combat-discrimination>



Various previous peer reviews have also highlighted the need to find innovative ways of integrating budgets and services for the most disadvantaged in order to ensure that social economy operations are effective. For example:

- France's "*document de politique transversale*", covered during the June 2006 Peer Review, proposes a transversal policy that promotes coordination between ministries and programmes in fighting social exclusion.¹⁰
- Sweden's framework for financial coordination, under review in December 2006, enables parts of the government's social, employment and health budgets to be pooled together to provide integrated support for those with multiple problems. This was also exemplified in a visit to the SANNA centre, which is part of the Swedish "Delta" project promoting insertion programmes for the disadvantaged. Indeed, SANNA provides a one stop-shop with multi-disciplinary teams providing integrated support services to help those with drug and alcohol problems get back into work.¹¹

A number of other Peer Reviews have also uncovered a series of key issues that can arise when implementing social economy projects and need to be addressed.

For example, in October 2005, experts examined cases of social co-operatives in Greece integrating people with mental health problems into society.¹² The Greek policy is based on the creation of new legal status for social co-ops with members comprising mental health professionals and people with mental health problems. The social co-operatives were run as trading businesses but with therapeutic support. The issues that arose were the lack of appropriate types of support for such a social enterprise, the

10 <http://www.peer-review-social-inclusion.eu/peer-reviews/2006/social-inclusion-cross-cutting-policy-tools>

11 <http://www.peer-review-social-inclusion.eu/peer-reviews/2006/financial-coordination-within-the-field-of-rehabilitation>

12 <http://www.peer-review-social-inclusion.eu/peer-reviews/2005/pathways-to-social-integration-for-people-with-mental-health-problems-the-establishment-of-social-cooperatives-in-greece>



need to raise public awareness, and the need to monitor and evaluate such initiatives longitudinally.

The Peer Review meeting on the provision of basic social services, such as caretaking and transport, by the village in rural areas Hungary, June 2005, also raised the issues of accountability and control.¹³ It should nevertheless be noted that the social economy has a long history of operating effectively and accountably when providing such services for disadvantaged communities.

¹³ <http://www.peer-review-social-inclusion.eu/peer-reviews/2005/basic-social-services-in-rural-settlements-village-and-remote-homestead-community-care-giving>



2. The social economy and related policies in the host country: Belgium

The Belgian labour market

Belgium has a relatively low employment rate, of 62.1% (men 68.9%, women 55.3%) compared to an EU average of 66.0% (men 73.2%, women 58.8%) (3rd Quarter 2007, in EU Labour Market Review).

The country's youth employment rate, at 27.5%, is also below the EU average of 38.6%, though this low rate is partly explained by the high levels of school attendance among young people. Moreover, among older people aged 55–64, the employment rate is also just 34.5%, against an EU average of 45.1%.

The Belgian unemployment rate is also above the EU average of 6.9%, at 7.2%, while youth unemployment stands at 18.4% — above the EU average of 14.9%. There are considerable regional variations behind these figures. Data from Actiris (Brussels regional employment agency) showed the following relative unemployment rates for 2006¹⁴:

Belgium	12.9%
Flanders	8.4%
Wallonia	18.5%
Brussels	22.1%
German-speaking Community	7.8%

Brussels, in particular, represents a special case, with its large numbers of highly-educated international workers contrasting with the substantial proportion of the local population clearly excluded from the labour market.

The Belgian National Action Plan explains this gap by examining a number of social exclusion indicators:

¹⁴ <http://www.londoncouncils.glegroup.co.uk/Downloads/2 BRUSSELS.ppt>



“In 2005, the indicators confirm the significant absence from the labour market of specific groups. The employment rate of non-EU25 nationals was, therefore, 27 percentage points below that of EU25 nationals. The employment rates of low qualified workers and that of people with disabilities were 20 percentage points and 17 percentage points lower, respectively, than for the total population. The long-term unemployment rate was 4.4% for the overall population, but 8% for people living alone and low qualified people, 14% for lone parents and 20% for non-EU25 nationals (for whom, therefore, the risk of long-term unemployment is considerably higher). More than in most EU Member States, there is in Belgium a large number of workless households, the proportion of people living in such households being the second highest in the EU25 in 2005 (13% as against 10% for the EU25 average)”¹⁵

Following on from this analysis, Belgium’s overall policy for promoting social inclusion through work prioritises the following groups:

- Long-term unemployed (especially single parents)
- Unemployed people with origins outside EU25
- Unemployed people with disabilities
- Unemployed people with low qualifications
- Unemployed older people
- Unemployed young people
- Households with no-one employed.

The chosen strategy to assist these target groups involves developing a more active and diversified labour market policy; harmonising employment measures among target groups to ensure equal opportunities; increasing childcare facilities for job-seekers; developing the social economy and

¹⁵ http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2006/nap/belgium_fr.pdf. More detailed statistics on exclusion in Belgium can be found at: http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2006/nap/belgium_annex_fr.pdf



proximity services; and supporting evaluative research on activation measures.

In addition, Belgium invests heavily in training, employment incentives, direct job creation and start-up incentives, with OECD figures for 2004 revealing that, among OECD countries, Belgium had the second highest level of labour market policy expenditure relative to GDP, behind Denmark. It also ranks sixth highest when it comes to Public Employment Services (including benefit administration, with a relatively much lower level of expenditure on placement and related services). (Data being for 2004, costs of “*titre-service*” are excluded from figures.)

Key features of the social economy in Belgium

Belgium has a long and well-established history of the social economy in the traditional sectors of agriculture, finance, and sports and culture. The Belgian health and social security system is also based on a partnership between the state and the mutuels and associations. In addition, Belgium has a good number of researchers and research centres covering various aspects of the social economy.

Compared to other countries, the social economy has a relatively high level of official recognition, especially in Wallonia. And, with the social economy accounting for 7% of employment, it is proportionally the 5th largest social economy sector in Europe. The following numbers of paid employees can be found in each type of social economy organisation:

Country	Co-operatives	Mutual societies	Associations	TOTAL
Belgium	17,047	12,864	249,700	279,611

Church-run hospitals and schools are considered borderline social economy bodies but are not included in the 7% figure.

An interesting development has been the formation of foundations among traditional social economy organisations to improve the focus support — for example, the P&V Foundation or the Cera Foundation, which support social economy initiatives against social exclusion.



However, in terms of legal structures, although a specific legal form for ‘societies with a social purpose’ (“*société à finalité sociale*”) exists, its flexibility means there is a strong preference for the ASBL non-profit structure, which remains the dominant social economy form.

Belgian social economy initiatives and enterprises adhere to the following five principles:

- primacy of work over capital;
- autonomous management;
- service to members of society before profit;
- democratic decision-making, and
- sustainable development in respect of the environment.

General social economy policy and support in Belgium

Currently, the Federal State, the Regions (Flanders, Wallonia and Brussels-Capital) and the German-speaking Community share responsibility for the social economy, although, in February 2008, it was proposed that these responsibilities be decentralised to the regional level.

At Federal level, government policy is administered through the “*Cellule Economie sociale*” and, to coordinate actions, cooperation agreements have been concluded among the Regions and the German-speaking Community. A dialogue system has also been set up with the stakeholders (“*les Chantiers de l’économie sociale*”) and further representation channels for the social economy exist at the regional level through the Council for the Social Economy (Wallonia), the Social Economy Platform (Brussels-Capital), the Flemish Platform for Social Economy and the Social Economy Working Group (German-speaking Community (GSC)).

The cooperation agreements are aimed at developing the social economy and raising employment rates among disadvantaged people. In particular,

they outline co-financing arrangements for supporting the social economy at different levels. These include salary grants to employees, reductions in social contributions for employers hiring long-term unemployed via the SINE (Social Insertion Economy) programme, VAT payment reductions, as well as certain capacity-building and 'professionalisation' measures for specified social economy organisations.

A Social and Sustainable Economy Fund was also established in 2003 to support social economy enterprises through investment credits, subordinated loans and equity investment. It has so far raised EUR 75 million through bonds, supporting 37 initiatives in 2006, and 46 in 2007.

In the area of homecare, the federal government has initiated a voucher system — “*Titre Service*” — which requires that users buy subsidised vouchers from the State before choosing between public, private or social economy providers. The individual user pays EUR 7.00 per voucher while the service provider receives EUR 20.28. The federal State pays the difference and the user can deduct the EUR 7 from his or her taxes. This quasi-market system has helped to formalise the growing informal homecare economy, so reducing benefit fraud and tax evasion. At the same time, social enterprises can combine this system with work integration schemes. The three Belgian regions have in fact extended this scheme to other proximity services, retaining work integration as a central part of the scheme. Supported activities include gardening, transport for the disadvantaged, home repairs, etc. Relevant experiences in Belgium have been well documented, with, among others, the *Werk.Waardig/Regie Buurt- en Nabijheidsdiensten* in Kuurne near Kortrijk showing how service vouchers can work to include the long-term unemployed and migrants.

In the area of Corporate Social Responsibility, the Belgian government also supports initiatives such as *Open Stadium*, which involves football clubs in encouraging those far from the labour market to embark upon social integration, training and education programmes. Almost half of the Belgian First Division clubs are now involved, with the Belgian Government's financial contribution being complemented by contributions from the national lottery and some private enterprises. Also, the *Learning Networks* project, involving



the Chambers of Commerce, promotes exchange of views and experience between the regular and social economy sectors.

State-sponsored regional consulting or support agencies (known as “*agences conseils*” or “*startcentra*”) have also been established to provide all-important support for the development of the social economy. In Wallonia, there are twelve and, in Flanders, thirteen, with specialist advisors for the social economy. They have helped support more market-oriented approaches and innovative organisational structures.

Regional work integration measures

Work integration structures for disadvantaged people vary according to the regions.

In Flanders, there are:

- Work integration social enterprises (“*invoegbedrijven*” or IBs), which, due to their stronger commercial focus, mostly seek to hire workers capable of achieving a certain level of productivity, on open-ended contracts.
- Social workshops (“*sociale werkplaatsen*” or SWPs), which specifically target people who have been inactive for at least five years.
- Work-care centres (“*arbeidszorgcentra*” or AZCs), which aim to provide long-term jobs for a broad target group, the common feature of whose members is that they accumulate various serious problems, such as a very low qualification levels or drug-addiction.
- Sheltered workshops (“*beschutte werkplaatsen*” or BWs), which seek to provide permanent jobs for people with physical or mental disabilities.



In Wallonia and Brussels, the structures are fairly similar and include:

- Work integration social enterprises (“*entreprises d’insertion*” or ELS), which seek to provide permanent jobs for people excluded from the mainstream labour market, for reasons ranging from disability to low qualifications or psycho-social problems. Non-accredited work integration social enterprises also exist and, although they not eligible for subsidies in the same way as accredited WISE, they are able to access other subsidies.
- Adapted work enterprises (“*entreprises de travail adapté*” or ETAs — formerly known as ‘sheltered workshops’ or “*ateliers protégés*”), which seek to provide permanent jobs to those with disabilities.
- On-the-job training enterprises (“*entreprises de formation par le travail*” or EFTs in Wallonia, and “*ateliers de formation par le travail*” or AFTs in Brussels), which serve to provide training alongside transitional employment.

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The difference in the approaches taken by the regions and communities becomes more evident in relation to tailor-made work integration organisations, such as social and sheltered workshops. Sheltered workshops, which provide permanently subsidised jobs, for example for people with disabilities, without really seeking to get them to move into the regular economy, are obviously an expensive form of social enterprise compared to others where there is just a temporary subsidy covering a one-to-two year training period. Consequently, such permanently subsidised jobs are more typical in the relatively more prosperous Flemish region — at least when it comes to people without disabilities. Other regions, such as Wallonia and the Brussels region, would like to see an increase in the number of social workshops and tailor-made work companies, but high costs inhibit them from pursuing such a strategy.



Proximity services (“*services de proximate*” or “*locale diensten economie*”)

Associations typically engage in a wide range of local community services, ranging from childcare, homecare, services to the elderly and people with disabilities, and social housing initiatives.

Although childcare is already a relatively established sector partially supported by public subsidies, a wide range of social economy initiatives have also been developed to address various needs that have arisen as the unemployed attempt to take part in work integration measures. Despite considerable financial hurdles, associations have also started investing in social housing initiatives, such as renovating empty buildings, providing emergency accommodation and assisting homeless people — largely due to the extreme need.

Belgium also provides an interesting example of how the franchise system can be applied in the area of proximity services, with its ‘Age d’Or Services’ — a social purpose cooperative (“*coopérative à finalité sociale*”). The organisation has 463 franchisees and it has become one of the main networks for the delivery of proximity services and transport for older and lower mobility people. It received recognition in March 1999 when its leader Eric Guyot received the award of “Master Franchise” in Belgium.

Summary of results

The measures implemented in Belgium have generally resulted in considerable improvements for disadvantaged people:

- The federal cooperation agreements have leveraged performance in the regions above expectations, with substantial increases in social enterprise and jobs or positions for the disadvantaged;
- In 2007, the SINE programme saw a 68% increase in the number of unemployed benefiting from the scheme compared to 2006;



-
- The voucher system has significantly contributed to a very large increase in the size of the social economy. According to the Ministry of Employment, at least 80,000 jobs have been created over the past four years through the service voucher system, at a net cost of EUR 350 million. Nevertheless, only 10% of these vouchers were spent in the social economy.

3. Policy and experiences in peer countries

The peer countries involved in the review exhibit very contrasting contexts – some having a relatively developed social economy and others still facing considerable challenges in this respect.

Austria

Austria's attempts to help persons with disabilities (PWDs) rejoin the labour market make for an interesting case study, with its strong emphasis on regulating social responsibility. Despite a 30% decline in finance from the European Social Fund, the country has achieved significant improvements in PWDs thanks to equal opportunities legislation, including:

- An Act obliging employers to take on PWDs (quota scheme).
- Special protection against termination of employment contracts.
- A variety of funding for PWDs and their employers, such as grants and subsidies.

Two new labour market measures backed by financial and administrative support have also been introduced to facilitate and ease the matching process between PWDs and employers. Active labour market measures with regard to the vocational rehabilitation of young PWDs have also been established.

The Austrian Federal Ministry for Labour and the Economy and the Labour Market Service as its executing partner, as well as the Federal Ministry for Social Affairs and Consumer Protection and its subordinate agency the Federal Social Office, are strategic actors in this process.

Cyprus

Although the Cypriot labour market is near to full employment (with an employment rate of 71% in 2007) and the risk of poverty is no higher than

the EU-25 average, some groups face a much higher risk than others. These include older persons (65+ years of age), single parent families (35%), people with disabilities, and families whose head has low educational qualifications. There has also been a recent sharp increase in benefit recipients.

Recently, a number of active labour market policies were introduced but Cyprus is still at the early stages of a discussion on social economy. It nevertheless has a long tradition of partnership between the government and the third sector in providing local social care services. Indeed, the Social Welfare Services support the development of social services such as child care, care for the elderly and persons with disabilities by providing technical and financial assistance. On top of this, the country is carrying out a study examining the existing legal framework and investigating ways of activating cooperatives, mutual societies, foundations, non-profit organisations and social enterprises in the social economy. The main questions relate to how the government can activate these organisations in the field of integrating vulnerable groups, which models of success exist, and which legislative framework would be most appropriate.

Czech Republic

The unemployment rate in the Czech Republic has been decreasing, falling from 8.1% in 2006 to 6.6% in 2007, but the following groups are considered disadvantaged: parents with small children, ex-convicts, long-term unemployed, disabled persons and former alcohol or drug addicts. A strengthening of the social economy could help the Czech Republic better address these people's needs. However, the traditional social economy has faced huge challenges and, although a new social economy is now emerging, there is still no coherent political support for it and no adequate legislative framework enabling it to develop.

Similarly to other Central and Eastern European countries, the Czech Republic has gone through a process of rapid transformation, towards democracy and market economy. This has been matched by changes to the organisation of government, including the 2001–2002 public administration reform and decentralisation. This represented an important step in opening



up opportunities for local authorities and communities to participate actively in solving local problems, and could create an appropriate context for local initiatives supporting the social economy.

Cooperatives have a history of more than 150 years in the Czech Republic (and the former Czechoslovakia), but they are not generally considered as self-help organisations aimed at fulfilling the mutual social and economic needs of their members, mainly due to their political links with government. Nevertheless, since 2000, their reform has begun to take shape, and the Union of the Czech Producer Cooperatives (UCPC) has taken an interest in developing municipal social cooperatives for disadvantaged people.

The EU's EQUAL initiative has also helped to develop networks of enthusiasts, social entrepreneurs, support organisations and other stakeholders with a common aim of supporting the development of the social economy in the Czech Republic. Many of these have participated in setting up an informal expert platform called NESEA, which could eventually develop into an official platform for the social economy.

Greece

At just 61.4% in 2007, the Greek employment rate lags behind the EU-25 average of 65.8%. Similarly, the unemployment rate, though following a steady downward trend, remains higher than the EU-25 average, at 8.3% in 2007 against 7.2% for the EU-25. Unemployment and long term unemployment in Greece continues to affect women, young persons (especially young women), people with disabilities, ex-drug users and lone parents disproportionately.

Since the end of the 1990s, Greece's employment policies towards vulnerable social groups have shifted significantly in favour of active measures, largely under the influence of the European Employment Strategy.

However, even targeted programmes have often proved ineffective in assisting disadvantaged social groups, because they are overly standardised and not flexible enough. Such groups require special support from specialist

organisations and, in this respect, the only relevant initiative in Greece is a specific type of social enterprise, known as the ‘Social Cooperative of Limited Liability’, which aims to reintegrate people with mental health problems into employment and society, whilst addressing their specific therapeutic needs¹⁶. Apart from this, there is a real lack of specific arrangements that would enable Social Cooperatives to effectively integrate measures taken by different government agencies and to customise them for their particular target group.

Nonetheless, recent Greek governments have recognised the need to extend the legal framework for Social Cooperatives to other categories of individuals with disabilities and disadvantages besides mental illness.

And, while the social economy so far accounts for only a small share of employment (1.8%), the past ten years have witnessed the emergence of new social economy initiatives, projects and agencies addressing social and environmental problems, unemployment and the social exclusion of vulnerable social groups, etc. These initiatives, however, currently rely chiefly on limited programme funding — in most cases supported by the European Union’s Social Fund.

Slovak Republic

The Slovak Republic has gone through considerable structural changes over the past 17 years, leading to substantial fluctuations in labour market conditions.

In 2004, the government adopted measures to reduce regional differences in unemployment and to prevent the exclusion from the labour market of disadvantaged groups and support their integration. Targeted groups include, in particular, people with disabilities, mothers with children, people close to retirement age, and members of marginalised Roma communities.

A wide range of measures are available, including support for induction and employment, subsidies for employers’ social contributions, support for

¹⁶ In these Social Co-operatives the majority of employees are persons with mental health problems, who in addition to their salary may receive welfare benefits.



municipal works, and voluntary service. Many other active labour market measures are also planned to be introduced, including grants for renovation and equipment for sheltered workshops for disabled people.

A legal framework and foundation for social enterprise has also been proposed, and the Slovak Republic this year recognised the role of social enterprises in its strategy for achieving local development goals and addressing economic, social and cultural problems — with support for pilot projects in 8 social enterprises. Support measures include an accredited training programme for social enterprise managers; a University masters level course on social enterprise (*Matej Bel*), and the establishment of a national “Centre of social economy research”, in cooperation with its Belgian partners.

Slovenia

As in other Central and Eastern European countries, the development of the social economy in Slovenia has been hindered by economic restructuring and the need to reform traditional cooperative structures. In the former Yugoslavia the challenge is particularly great and Slovenia is still only at early stages of developing its social economy. Indeed, the very concepts of social economy and social entrepreneurship are tainted by the word “social”, which is associated with the previous communist regime. Other obstacles to the development of the social economy and social entrepreneurship include inadequate legal frameworks, policies and support systems; insufficient managerial knowledge; lack of self-organisation and innovation capacity amongst potential stakeholders; and poor understanding and motivation among both disadvantaged groups and public authorities in addressing social exclusion issues.

Indeed, existing legislation does not actually allow non-profit organisations to conduct profitable (economic) activities, while a law providing for a tax relief for donations to non-profit making organisations by individuals and companies is not well understood or applied.¹⁷

¹⁷ Note a recent report by EMES for UNDP is very relevant to establishing equitable foundations for a social economy and social entrepreneurship. See: <http://www.emes.net>



Slovenia however does have some elements of a social economy with large numbers of volunteers, co-operatives, foundations, non-profit making organisations and specialist centres for people with disabilities. But other target groups are much worse off, with large numbers of enterprises for the disadvantaged operating at a loss. Nevertheless, there is recognition of the potential for further development of the social economy to address issues of social exclusion, community welfare and the black market.

Sweden

Sweden has a relatively low rate of unemployment, but there are still currently almost one million people of working age who are not part of the labour force. Particularly vulnerable groups include individuals with disabilities due to psychological ill health, former substance abusers, people with criminal records and non-Nordic immigrants or refugees.

The current government is engaged in a major drive to “end exclusion” and get more people into work, using a variety of active labour market measures:

- Changes to the social security system to create financial incentives to work and to raise the threshold for benefits as well as to counter previous locking in effects and stimulate part time employment and study;
- Financial incentives to persuade employers to take on employees;
- Investment in alternative employment measures and rehabilitation;
- Interest in the social economy and, in particular, support for social enterprises in creating job opportunities (grant aided and otherwise).

The government has also entered into a dialogue with the not-for-profit sector to help it enhance its role as an independent voice and opinion-former, and to support the development of a greater diversity of suppliers in the social area, primarily within healthcare and care.



With regard to work integration, social economy organisations have assumed an increasingly active role over the past 10–15 years. The well-known Cooperative Development Agencies (called “*Coompanions*”) have been a powerful driver for this development, together with abuse treatment organisations, the temperance movement — aimed at reducing the amount of alcohol consumed in society — and other ethnic-based organisations and local development groups.

Interest in developing new Work Integration Social Enterprises (WISEs) is growing, with currently around 150 WISEs in Sweden supporting a total of 4,500 active workers and a huge potential for growth.

In this context, the Swedish government is considering a multi-annual programme to support the social economy based on a three-pronged approach:

1. Sector-wide training initiatives under public sector administration.
2. Programme initiatives targeting potential and established social enterprises, providing:
 - Information and advice
 - Training and other skills development
 - Capital
3. Production of statistics and initiation of research

The government is also looking into ways of working with WISEs and other enterprises to ease the transition from benefits to employment. However, the development of WISEs is hindered by:

- fear of being locked into an employment market with lower status
- fear that publicly-funded enterprises will gain competitive advantages over private enterprises
- obstacles in public sector procurement legislation

- difficulties in applying employment and social security policies in the development and operation of WISEs

Three further issues would therefore benefit from wider discussion in a Peer Review:

- overcoming short-termism and lack of foresight in policy to create long-term sustainable WISEs
- measuring success, using social accounting for assessing socio-economic benefits and business results
- improving public statistics to monitor the scale and scope of WISE activities.

Network stakeholders (Cecop, Ensie, Feantsa)

A large number of comments and proposals were also submitted by the network stakeholders in relation to both EU and national policies (refer to the stakeholder papers for details)

Socially responsible enterprises in an enlarged Europe (Cecop)

Members of this non-profit association representing producers', workers' and social cooperatives, as well as other types of worker-controlled enterprises, stressed the importance of obtaining consensus on a common definition of 'services of general economic interest' as a precondition for eventual regulation at the EU level and in order better to support exchange of good practice across Europe, notably as regards social cooperatives.

They further emphasised a number of other aspects, namely:

- the importance of the future European Small Business Act (SBA) making explicit mention of the social economy;
- the need to support social dialogue, so that the social partners are able truly to participate in the social inclusion effort;



- the need to give priority to support through social economy specialist structures, including federal bodies, which help develop grassroots social economy enterprises (see ILO recommendation 193 on the promotion of cooperatives);
- the importance of creating long-term sustainable jobs for those far from the labour market and other disadvantaged groups, through grassroots citizen action and the development of a member-based, citizen-based type of economy.

European Network of Social Integration Enterprises (ENSIE)

This association, representing, maintaining and developing networks and federations for economic social integration in the European Union, stressed the need for social integration enterprises to operate within the mainstream economy and not to be marginalised into peripheral sectors as this could cause the learning experience and related qualifications of individuals to be under-valued by potential employers.

It added that the benefits and effectiveness of different integration schemes should be evaluated by such means as the social return on investment (SROI), social audits and social-balance scorecards. These means can also help structure dialogue and planning procedures with local, regional and national authorities, as well as with the private sector.

According to the association, the effectiveness of integration schemes can be considerably enhanced by establishing a personalised action plan. For transitional schemes, this should cover not just the period of the activation scheme but also the phase of integration into mainstream employment.

It further pointed out that, as social exclusion often involves debt, health, housing or addiction problems, additional services need to be well coordinated with work integration enterprises.

In addition, it noted that integration measures need to be flexible, with subsidies differing according to the severity of the reintegration problems addressed. This would make it possible for people to remain employed for



the length of time necessary to get fully reintegrated. For example, some workers will always remain underproductive and so require permanent subsidies. In terms of the EU's General Block Exemption Regulation, it suggested this differentiation should be addressed by extending the definition of 'disadvantaged workers' as well as by introducing a new category of 'multi-disadvantaged workers'.

The association also proposed a reduced rate of VAT of 6% for enterprises employing in labour-intensive methods of working, to strengthen support for social reintegration through and in work.

European Federation of National Organisations Working with the Homeless (FEANTSA)

Picking up on the concept of 'multi-disadvantaged workers', Feantsa noted that homeless people also deserve special attention due to the distance that separates them from the labour market and the lack of adapted employment opportunities they face. Indeed, the homeless are often the people furthest away from the labour market, meaning they may require similar levels of support as people with disabilities. Flexible, holistic and multi-dimensional strategies involving a range of services, including work integration, are required. Also, schemes need to provide customised individual pathways specifically targeting people who are not only far, but furthest, away from the labour market.

According to the federation, a key factor of success in Belgium is that many social enterprises are long established and have therefore acquired extensive specialist expertise in working with such people.

The federation also agreed that social economy integration activities must not be cut off from the mainstream economy but that the two must work in partnership. The Flemish example of work integration, with its follow-up in-work support, could provide an interesting example for countries in which the social economy does not traditionally work with the private sector. Similarly, success is more likely if homelessness organisations and social enterprises cooperate together.



Lastly, Feantsa warned that “creaming off” or cherry-picking, where social economy employers only take on people with the least problems from those that are far from the labour market to fulfil obligations linked to their funding is an issue.



4. Success factors, learning and transferability aspects

The various countries participating in the review had very diverse cultural and policy characteristics, so affecting the development of the social economy. For example, Austria is home to thousands of organisations active in what might be regarded as the social economy, although they do not in fact define themselves as social economy enterprises. Indeed, the word “social” has different meanings according to the national context and societal traditions. Some group members doubted whether any commercial activity could be called “social” whereas others did not see “social” as being incompatible with the idea of a business enterprise. In some nations, “social” tends to refer to social security. These basic differences have important implications when debating the transfer of social economy concepts from one national setting to another. Nevertheless, despite the differences in terminology (third, non-profit, social/solidarity economy), the peer review, including the host country presentations and the site visits, allowed countries to share their experiences and learn from each other.

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Cooperation and coordination. The Belgian cooperation agreements were seen as useful for defining and coordinating public support for the social economy and social enterprises. Since the social economy is transversal, social, economic and other Ministries should be involved. This also means that funding issues have to be clarified.

Dialogue. As witnessed by the Belgian experience, the effectiveness of the social economy can be improved greatly by establishing platforms, councils and different kinds of arenas for the public sector, the social economy and, where appropriate, private business to meet. National and international networks can help to create such alliances. These types of platforms will also help to increase the visibility of the social economy.

Knowledge sharing. Business advice needs to flow in both directions — from the private sector to the social economy and *vice versa*. The social economy has competences to offer in terms of participatory management, stakeholder involvement and achieving high impact with limited resources.



Defining a useable basis for action. The five Belgian principles for the social economy were considered a good starting point for action at different levels. They can help to identify a more functional typology of all the values of social enterprise and so promote greater visibility of the sector.

Supporting and extending the institutionalisation process. Although WISEs' contribution to society has started to be recognised and two systems of institutionalisation have emerged (a legal form for 'societies with a social purpose' and an accreditation scheme for certain types of public policy oriented organisations), it is important to move beyond this. Indeed, institutionalisation is essential for creating a sustainable sector. Experiences need to be scaled up through growth, exchange of good practice, standardisation and replication of effective models, and franchising. Networks and federal bodies can play a role in this regard by taking leadership positions (e.g. through *consorzi*). Institutionalisation can also be furthered by developing support structures, policy and legal frameworks.

Support structures for the social economy. These should assist with participation, self-organisation, advice, education, facilitation processes and finance. But support for social economy projects must respect the freedom of their activities. The social economy needs to be developed in a way that meets the needs of its clients but that also promotes an inclusive society and full employment.

A flexible legal framework. The legal framework should be developed with the participation of the public sector and the social economy, as well as the private business sector when appropriate. It should be supportive and not hindering. It should recognise the social economy as a third sector, assign roles to it and provide means of controlling the sector. Flexible legislation is more important than new legislation, but new flexible legislation can create legitimacy and wider recognition if it takes account of the specific needs of the social economy and integrates it into the wider economy.

Appropriate mechanisms for addressing social exclusion. Some country representatives felt that specific arrangements are needed for targeted groups. Disadvantage and disability tend to overlap, and some would like to see more complementary strategies to tackle them in the future. Institutional



mechanisms should be developed at the local level, including through partnerships that take account of different stakeholder needs. This also raises the question of the appropriate level of government responsibilities. Should they be national, regional or local? And should they be within one Ministry or, given the transversal nature of the topic, spread across several Ministries?

Promoting innovation. Innovation was a key theme of the seminar, with many people impressed by the level of innovation in the Belgian experience (site visits). Innovation is key to establishing a link between income generation, consumers and public interest. The innovative work integration social enterprises (WISEs) are recognised as addressing the most difficult challenges faced by disadvantaged people by providing specialist organisations with customised support for different target groups. The EU's EQUAL initiative gave a significant stimulus to innovation in Belgium's social economy, co-financing nine development partnerships with a social economy theme.

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Measuring the difference. It is important to measure the added value of the social economy, e.g. through multi-dimensional evaluation. Work under the EQUAL initiative has shown that the non-monetary effects of social economy projects can be identified and measured using methods such as the social return on investment (SROI), so helping policy-makers to achieve better value for money in public spending.

Reforming welfare systems. It is important to ensure that benefit system complements integration activities. Many benefit systems, however, act as a *de facto* barrier to integration because of the perception that there is no financial incentive to work. There is, therefore, increasing interest in re-thinking ways of shifting disadvantaged people on benefits back into the labour market. In some countries, the authorities turn a blind eye to small income earned on top of benefits. In France, a new policy — the “*revenu de solidarité active*” (RSA — active solidarity income) — is being developed (Quinet, Cazenave, Guidee, 2007). In Belgium, the business and employment co-operative De Punt in Gent draws on the French model of “*cooperatives*



d'activités et d'emploi", offering a three-phase model of reintegration into work, which includes the continued availability of unemployment benefits during the initial integration phase to provide the necessary bridge from inactivity into employment. Further exchanges of experience in this area would be highly beneficial.

Work integration. The Belgian model of work integration social enterprises, with several different types, seems to allow for a substantial degree of specialisation. Evidence from Nyssens and Platteau (Nyssens, 2006) indicates that integration enterprises are cost-effective¹⁸, but it raises the question of whether subsidies should be tailored to the needs of different target groups as some are able to re-enter the labour market within the subsidised period, while others remain permanently under-productive.

Proximity Services. The Belgian voucher system, based on both user and state funding, was seen as particularly useful, with clear benefits on top of work integration and service provision. Nevertheless, a number of issues remain when it comes to the comparative advantages of different providers in the system, with the added value of the social economy (user involvement, social capital, citizenship) often getting lost in the competitive process. The hosts warned that steps should be taken to distinguish between different types of service provider, so that commercial operators do not cream off the market created by the heavily-subsidised voucher scheme.

¹⁸ The EQUAL policy brief *Value for money from social firms* describes several examples of this cost-effectiveness.

5. Conclusions and lessons learnt

The rich diversity of social economy development in the different countries participating in this Peer Review provided a wide range of lessons.

In particular, Belgium's experience of promoting active inclusion through the social economy — through “social enterprises”, such as cooperatives, mutual societies, foundations and non-profit making organisations — provided considerable potential for mutual learning with a range of opportunities for transferability. In particular, the simple but forthright values contained in the Belgian five principles of the social economy proved attractive.

The Belgian experience also demonstrated the importance of cooperation and partnerships, both within government (between the national and regional levels, as well as between the various Ministries involved), and across the public, private and third sector economies. It also provided useful examples of social economy institutionalisation, displaying a high level of innovation in addressing the needs of the disadvantaged in the labour market. The effectiveness of the Belgian social economy is largely attributable to its ability to customise services to different types of disadvantaged groups and to merge all the different services for the disadvantaged (training, work experience, managing social risk) under one single structure.

Many other Peer Reviews have also emphasised the central role of the social economy in addressing issues of social exclusion and giving disadvantaged groups access to the labour market. But the Belgian example shows there is potential for a much greater impact. Indeed, social economy values are consistent with the common objectives for social inclusion agreed at the EU level — i.e. not only tackling poverty but also ensuring everybody has access to the resources, rights and services needed for participation in society. With its focus on values such as personal dignity, freedom of expression and the right to influence one's own life situation, the social economy acts as an important social inclusion measure.

The site visits also revealed the social economy's substantial capacity for social innovation. For example, proximity services have a strong positive impact on reconciling professional and private life, promoting gender



equality, improving the quality of family life, and providing care for children, older people and those with disabilities. The social economy's self-help ethos acts as a catalyst to get people with difficulties to find solutions to their own social needs. And the social economy is not only good for individuals but also for social cohesion.

The social economy also contributes to environmental innovation. No less than five of the projects visited by the peer reviewers contributed to sustainable development — including examples of waste recycling, clean transportation using bicycles, and advice on reducing energy consumption at home. This demonstrates that the social economy is an important point of connection between social inclusion policies and sustainable development policies.

But the Belgian model also revealed that the success of the social economy depends on a fine balance between transitional and permanent jobs, market competition and public subsidies, and stability and innovation. The professionalism of teams and structures is another requirement, as is the systematic assessment of outcomes as regards the integration of workers. Connections with the regular labour market are also needed so that the qualifications acquired in social economy enterprises can lead people into the mainstream labour market. In addition, public authorities have a major role to play in sustaining the value created by the social economy.

Although the emphasis of this Peer Review was on the social economy's capacity to address the social exclusion of those who are far from the labour market, it is also important to recognise that the social economy plays other roles in civil society — generating social capital, strengthening social cohesion and ensuring a vibrant civil society. For many of its adherents, its value is also in the fact that it creates a vision of another type of economy, based on democratic values, which puts the community first and supports sustainable development.

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<http://www.peer-review-social-inclusion.eu>

The social economy from the perspective of active inclusion: employment opportunities for people far from the labour market

Host country: **Belgium**

Peer countries: **Austria - Cyprus - Czech Republic - Greece - Slovakia - Sweden - United Kingdom**

The potential of the social economy to create jobs and at the same time to provide much needed services has been recognised for some time. In 1999, the European Employment Guidelines highlighted this potential and the importance of realising it (Exploiting new opportunities for job creation, Guideline 12), while in 2001, the Guidelines for the National Action Plans for Employment emphasised the need to develop the social economy under the entrepreneurship pillar. Co-operatives, mutual societies and social enterprises in general have, therefore, come to be regarded as important sources of entrepreneurship and jobs in areas where traditional 'investor-driven' enterprise structures may not always be viable. Recent figures indicate that approximately 9 million people are at present employed in the social economy in the EU.

The Peer Review is concerned with the social economy from the perspective of active inclusion or, in other words, as a means of providing employment opportunities for disadvantaged groups. The aim is to have an exchange of views on the experience and practices of Member States in developing the social economy and in exploiting its potential in this regard. The intention is also to use the Peer Review as an opportunity for increasing the visibility of the sector and of making public authorities at all levels aware of the possibilities which it offers.