

<u>Caritas Europa's Feedback on the European</u> <u>Action Plan on Social Economy Roadmap</u>

<u>Caritas Europa</u> is the Catholic network working with people of all faiths to end poverty and to promote the dignity of all people. We are part of the global <u>Caritas Internationalis</u> network that has 162 members around the world. We believe that people and the environment, not profits, should be at the heart of all policies. We oppose all kinds of exclusion and support all initiatives that promote sustainable development that benefit everyone and enable all people to find a meaningful role to play in society. Caritas Europa has 49 member organisations in 46 countries across the European continent, including in all Member States of the European Union and the vast majority of Council of Europe member countries.

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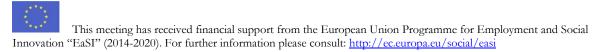
Caritas Europa welcomes this consultation with civil society and social economy actors and the opportunity to submit our feedback on the roadmap, which we hope will be taken into consideration in the upcoming Action Plan for Social Economy.

Europe has a long tradition of not-for-profit social economy organisations which have dedicated themselves to addressing social and environmental problems within the framework of the national competences of EU Member States. The different models of these organisations - with the absolute primacy of the social objective before profit - have proven to be extremely flexible, person-focused, innovative, sustainable, democratically legitimised and efficient, even in times of crisis.

Given the mission, impact and value of social economy actors and the growing significance of the social economy sector in Europe (counting with 8% of European GDP, 13.6 million paid jobs in Europe, accounting for 6.3% of the EU-28 working population and 2.8 million enterprises and organisations¹) and around the world, we urge the European Commission to ensure that the Action Plan: builds upon the Toledo Declaration and following declarations on the Social and Solidarity Economy; acknowledges the importance of both the internal and external dimensions of the social economy; and has for its core objective to support and promote *all* social economy actors² and their development, both within and beyond Europe.

For Caritas Europa, <u>social economy</u> organisations play an essential role in building an inclusive labour market and in fostering a human-centred economy, where the main function of the economy is to serve people. As the roadmap correctly states, social economy organisations innovatively tackle social, economic, and environmental needs in society and have a great ability to create decent, sustainable and inclusive jobs as well as provide training and upskilling/reskilling opportunities for

interchangeably as an umbrella term. The roadmap refers to "a variety of businesses, organisations and legal forms" and includes "non-profit associations, cooperatives, mutual societies, foundations and social enterprises". Caritas Europa, in its terminology, also includes not-for-profit social service providers.



¹ The role of social economy in the creation of jobs and in the implementation of the European Pillar of Social Rights | European Economic and Social Committee (europa.eu)

² For the purposes of this document, Caritas Europa will use social economy actors and social economy organisations



employees. They are therefore vital partners for the implementation of the European Green Deal, the European Digital Strategy, and the European Consensus on Development.

All social economy actors also have a crucial role to play as strategic partners in the implementation of the European Pillar of Social Rights, in the EU's socio-economic recovery from the COVID-19 pandemic, as well as in the recovery of partner countries. They form an essential part of countries' safety net, helping those at risk of poverty and social exclusion access employment, in providing and delivering essential services for the community, and in fostering local development. They, including voluntary associations and charities, are also key stakeholders in promoting social cohesion at all levels and in driving European integration. The Action Plan should therefore include specific measures to implement the European Pillar of Social Rights, and an encouragement to Member States to invest in, support and promote social economy projects as part of their national recovery and resilience plans³, and as part of international cooperation commitments with countries outside the EU. Due to the overlapping nature of this Action Plan with the Action Plan on the European Pillar of Social Rights, the European Green Deal, the European Digital Strategy, the Action Plan on Integration and Inclusion, and the European Consensus on Development, it should also be ensured that there is a strong connection and alignment between the various objectives and EU funds.

Challenges facing social economy actors

The roadmap has highlighted many challenges that Caritas Europa's social economy organisations have faced, including:

- A lack of formal legislation on social economy enterprises in many EU Member States, which is hindering their creation and funding as well as their promotion. This, in turn, is inhibiting their ability to be recognised and to create and have a strong social, economic and environmental impact.
- The risk of many of our social economy enterprises closing down due to a lack of income and insufficient financial support as a result of the current COVID-19 crisis. For many social economy enterprises carrying out activities related to tourism, catering, childcare, and other non-essential services, they have had to close 100% of their activities due to the restrictions. Some have managed to quickly change their services and provide innovative alternatives; others have simply not been able to adapt. In some countries, social economy enterprises have not benefitted from the same recovery and investment plans as have SMEs due to the lack of recognition and legislation, which has made adaption and recovery much harder without emergency support.

In addition, there are still other pressing challenges that were only mentioned to a limited extent or not at all in the roadmap. These include:

• Staff shortages and difficulties in retaining the social services workforce due to the persistent underfunding of social services, which has led to low wages, difficult working conditions, a lack of trained staff and continuous training opportunities, an urban/rural divide, digital divide, gender gap and insufficient social dialogue.

³ *SEE Policy-Paper SE-ACTION-PLAN 2021 EN.pdf (socialeconomy.eu.org)





- A serious threat regarding the long-term financial sustainability of many of our social service providers and social economy enterprises across Europe, whilst at the same time, dealing with an increased demand for services, partly due to an ageing population. This situation was at a critical point even before the COVID-19 outbreak and has worsened dramatically due to the current crisis.
- Difficulty for social economy actors who provide social services to people at risk (e.g. delivering food to the elderly), in accessing the necessary protection materials for their workers due to the pandemic.
- Difficulty for social economy actors in adapting the delivery of social services due to the COVID-19 restrictions. This has meant that many social service providers have not been able to guarantee the same quality of service as before, since the crisis has meant less income and reduced staff.

Social economy actors outside of Europe face similar challenges to those in the European context. These include, for instance, the general lack of awareness about social economy among EU decision-makers (working on international cooperation), among decision makers in partner countries and among the general public. They also struggle due to non-conducive legal and regulatory frameworks, insufficient access to financial and technical support, and a lack of learning and exchanging opportunities.

Recommendations

Whilst there were many good suggestions put forward in the roadmap for inclusion into the Action Plan, they were only mentioned to a limited extent. There were also many recommendations that were missing. Caritas Europa would therefore like to highlight a series of more detailed proposals addressing these suggestions, as well as other possible initiatives, for consideration by the European Commission that could help support and promote the social economy within and beyond Europe. These include:

Develop a common understanding of the social economy at EU level

- Develop a common definition at EU level of the social economy (as has been done in France, Portugal and Spain⁴), with clear criteria defining what constitutes "green" and "social" practices⁵, to facilitate the monitoring, mapping and measuring of the social, economic and environmental impact of social economy organisations. This would also foster a better understanding of the social economy sector and avoid both "green washing" and "social washing".
- Develop a common definition of social economy enterprises at EU level and help Member States to design consistent legal and regulatory frameworks on social economy enterprises that bring coherence and transparency to all. Modify article 54 of the TFEU to better reflect the diversity of companies in the Single Market and adopt a protocol on the diversity of enterprises in the EU annexed to the TFEU, including all social economy actors⁶.

⁶ Ibid



⁴ *SEE Policy-Paper SE-ACTION-PLAN 2021 EN.pdf (socialeconomy.eu.org)

⁵ Ibid



Improve EU financing and investment opportunities for social economy actors

- Given the added value of social economy organisations, improve access to EU funding and investment, particularly in the mobilisation of InvestEU and in the Recovery and Resilience Facility. This funding should be in the form of grants, affordable loans and temporary tax exemptions so that different types of funds are available for different types of social economy actors, particularly considering the current economic effects of the pandemic. Furthermore, policies should be put in place promoting public and private investments, particularly social-impact investments, as well as awareness-building among the broader funding community about how to finance social economy enterprises.
- Adapt the state aid rules to take into consideration the features of social economy organisations and enterprises⁷.
- Where such systems are not in place already, encourage Member States to implement tax reductions for social economy organisations and enterprises to incentivise the creation of new social economy actors and to ensure their longer-term sustainability.

Improve the visibility and recognition of the social economy

- Foster a conducive ecosystem at all levels for the growth of the social economy in Europe, with effective legal, economic and political dimensions, as well as stronger models of cooperation between different social economy actors, including social service providers and social economy enterprises, the private sector, civil society and national authorities, to foster innovation, create quality job opportunities, encourage active participation, and generate social, economic and environmental benefits at the local level.
- Increase the visibility, recognition and significance of the social economy sector through better research, monitoring, evaluation and communication. A permanent monitoring, mapping and evaluation system of the varied social economy organisations would enable regular, up-to-date and comparable data⁸ on the number of social economy organisations, their sources of revenue, and the added value of the sector's social, economic and environmental impact (including its contribution to national, EU and international goals, i.e. in relation to the SDGs, gender equality, social inclusion and integration, the fight against poverty, the green and digital transitions, decent work, etc⁹.). This data should be made visible in "satellite accounts" in official European and national statistics¹⁰. It should be noted however that this mapping system should not bring further administrative burden for social economy organisations.
- Introduce a tool to improve collaboration between Member States that would stimulate crossborder operations for social economy actors to make the best use of the internal market to expand their activities and that would showcase best practices in countries where social economy organisations have a long-standing tradition.
- Create a network or platform at EU level to provide increased resources and offer tailored support for the social economy community, especially for new social entrepreneurs, which

⁹ <u>*SEE_Policy-Paper_SE-ACTION-PLAN_2021_EN.pdf</u> (socialeconomy.eu.org)

¹⁰ UN TSE Sector Handbook Project (UNHB) | Johns Hopkins Center for Civil Society Studies (jhu.edu)



⁷ <u>*SEE Policy-Paper SE-ACTION-PLAN 2021 EN.pdf (socialeconomy.eu.org)</u>

⁸ The role of social economy in the creation of jobs and in the implementation of the European Pillar of Social Rights | European Economic and Social Committee (europa.eu)



would enable knowledge-sharing. The network could also serve as a platform for the exchange of experiences and best practices with participating national authorities¹¹.

• Encourage Member States to include education and training on social economy in schools and universities as well as to promote Erasmus for young social entrepreneurs, to increase the knowledge and recognition of the sector¹².

Support and promote the social, economic and environmental contributions of social economy actors

- Consolidate and strengthen a permanent and structured dialogue between the EU and social economy actors (including social service providers and social economy enterprises) to regularly assess the barriers to the development of social economy enterprises and organisations and to keep updated on the potential opportunities.
- Under the EU's Agenda for Skills and the Pact for Skills, support social economy actors, including social service providers and social economy enterprises, in their provision of training, upskilling and reskilling for staff, especially those at risk of social exclusion.
- Promote socially responsible public procurement in Europe through binding social and environmental clauses in all EU tenders and public contracts, as well as by encouraging Member States to include binding social and environmental clauses in all their public contracts.
- Ensure that social economy actors, including social service providers and social economy enterprises, are sufficiently equipped with the materials and resources needed (such as personal protective equipment) to carry out their services and activities in the face of the current pandemic.

Support and promote the social economy at global level¹³

- Build upon the strong social economy tradition in many EU countries, lead by example, and share the EU experience globally, further promoting the business and organisational models of social economy through international partnerships and development cooperation, trade, investment, economic diplomacy, and global platforms and multilateral fora. This should apply not only to the neighbourhood, but to EU partner countries of all regions.
- Ensure that EU Delegations' and Headquarters' have regular dialogue with social economy actors, and provide adequate information and training on social economy to EU Delegation staff.
- Promote awareness-raising on social economy in partner countries by facilitating cross-country learning via policy dialogue to generate and disseminate knowledge of policies conducive to social economy and of the institutional and political environment that facilitates these policies.
- Support the development of educational and training programmes in primary and secondary schools, in universities, in unions and neighbourhood associations, so that the social economy model can be widely disseminated, and so that its values of mutual cooperation can enrich society as a form of civic and neighbourhood organisation and labour.

¹³ These recommendations are aligned with those presented in the <u>Concord 'Mind our business report'</u>.



This meeting has received financial support from the European Union Programme for Employment and Social Innovation "EaSI" (2014-2020). For further information please consult: <u>http://ec.europa.eu/social/easi</u>

¹¹ <u>*SEE Policy-Paper SE-ACTION-PLAN 2021 EN.pdf (socialeconomy.eu.org)</u>

¹² Social economy enterprises' contribution to a more cohesive and democratic Europe (Exploratory opinion at the request of the Romanian Presidency) | European Economic and Social Committee (europa.eu)



- Offer technical assistance and capacity-building to partner countries in developing adequate legal and regulatory frameworks that allow social economy organisations and enterprises to flourish.
- Take into account that a single approach cannot be applied to all social economy actors, who each have their own specificities and challenges, and therefore require tailored policies and instruments. Ensure access to finance (e.g. through the EFSD+) that specifically supports social economy enterprises in partner countries.
- Monitor EU instruments and policies that provide specific support to social economy in partner countries.

Conclusions

Especially in the context of the COVID-19 pandemic and its recovery, the EU needs to make all possible efforts to maximise the potential of the social economy and its actors, who are distinctively equipped to address social inequalities and environmental degradation, promote social inclusion, foster resilience and help achieve the SDGs, both within and beyond Europe.

The Social Economy Action Plan is being developed in a time that requires ambitious goals and strong actions. For the EU to succeed in implementing the European Pillar of Social Rights, the European Green Deal, the European Digital Strategy, the Action Plan on Integration and Inclusion, the European Consensus on Development, and in building an Economy that Works for People, it will need to strongly rely on actors that go beyond "causing no harm", that foster community-led and human rights-based development, and that are driven by the mission of contributing to the common good.

We call on the European Commission to develop a Social Economy Action Plan, which builds upon the Toledo Declaration and following declarations on the Social and Solidarity Economy, which acknowledges the importance of both the internal and external dimensions of the social economy, which supports and promotes *all* social economy actors in their development and as strategic partners, and which supports its Member States and partner countries in significantly scaling-up their actions in the social economy.



Annex I: Examples of Caritas' Social Economy Projects

Caritas Serbia

The Sustainable Development Farm: The farm is a social economy enterprise founded by Caritas Šabac. It combines social protection with agricultural production, a restaurant, catering services and event management. It employs fifteen people – ten of them from vulnerable groups, including five people with mental and physical disabilities, and five professionals. The Sustainable Development Farm promotes ethno-tourism in a poorly developed local community. It provides affordable, healthy food, helps people with disabilities and their needs become more visible and brings them closer to their community and to the labour market. The COVID-19 pandemic affected the farm but Caritas Šabac managed to adapt to the situation and switched from a classic restaurant to delivering healthy meals to individuals and companies.

"I live alone in the village of Glušci near Bogatić. Since I was left alone, lunch is a problem for me because I don't know how to cook, and restaurants are mostly expensive and there aren't many of them in our area. The Sustainable Development Farm was a real discovery for me. Now there is a place where I can eat healthy food at an affordable price and in a place that is beautifully landscaped. And then the Covid started. Since I am over 65, I could not leave the house. I was already thinking about what to do when they called me and told me that they could bring me lunch home every day! What a relief! Such a service means a lot to me and I know that there are many more of us in the same situation. I don't worry about lunch during the coming winter, and when it warms up, I hope that the pandemic will pass, so at least sometimes I will go to my favourite restaurant again".

Caritas Austria

Magdas Hotel: Magdas Hotel is designed to be a role model in combating poverty by creating new jobs for refugees. It is a hotel run by trained refugees and experienced hotel staff and offers guests from around the world a smart, urban and multicultural "home" with added social value. All proceeds of the hotel go back into the running of the hotel and the training and support of the refugee staff. They also contribute to the receiving community in general and to the tourism sector in particular. The added value is that migrants, who would otherwise be far from accessing the labour market, are given an employment opportunity and supported along the way. This contributes to their economic integration and helps them overcome otherwise difficult structural barriers. The steady interaction and contact that the migrant staff members have with a wide range of people is conducive to fostering their cultural and social integration as well. The hotel is run by 20 migrants from 16 different countries and has won wide public attention and awards for its innovative character. The Magdas hotel is currently closed due to coronavirus restrictions but will hopefully reopen soon.

Magdas Cleaning: In 2017, Caritas Vienna started "Magdas Cleaning", a social economy business offering cleaning services for office buildings. As of mid-2020, 110 employees have been working for Magdas Services in more than 30 buildings. The social impact of Magdas Cleaning goes beyond offering employment to people with limited opportunities on the labour market. Magdas Cleaning offers family friendly working conditions with working hours during the day. Usually working hours in cleaning companies in Vienna start very early in the morning or late afternoon/early evening, making reconciliation between work and family life very difficult. In addition, Magdas Cleaning offers free social counselling for employees to support them in overcoming personal challenges. Magdas Cleaning has remained operational throughout the pandemic.



Caritas Spain

Ecosol: The social economy enterprise Ecosol in Girona allows people in social need to work in a protected space for up to three years and learn a job as well to acquire social and work skills that allow them to find a job on the labour market once they have finished their path in the social economy enterprise. Caritas Spain runs the social economy enterprise and effectively employs young migrants, trains them and empowers them by supporting opportunities for them to learn a trade/skill and acquiring a job contract elsewhere, ideally before the three year period elapses. In response to the pandemic, Ecosol transformed its bike delivery services into food delivery and provision of masks and PPE, and their cleaning services into disinfecting public places.

"April 2020 the business line of bikes, where I had been working since 2018, closed and they have renewed my contract as a courier. They continue to help me, I give them my life, I was very worried because most companies were closed, we were confined and I was able to continue working. In September 2020 I was offered to participate in the process selection at GLS and since then I have worked as a messenger for GLS Girona" (Ayoub, Ecosol worker)

Moda re-: This Circular and Regenerative Economy project is based on collecting second-hand clothes to give them a second life. It creates jobs for people in a vulnerable situation or at risk of exclusion. In fact, this type of employment accounts for more than half of the 1,000 jobs we generate in the different textile projects of Cáritas Spain. The clothes we collect are prepared for subsequent reuse, re-manufacture, recycling, and dignified social donation to vulnerable people, as well as sale for solidarity and non-profit purposes. Our initiative aims to go beyond sustainability, generating a positive impact not only social, but also environmental. In the process of comprehensive textile treatment, we are reducing the amount of new goods and resources consumed, preventing waste, lengthening the useful life of products, and reducing the environmental impacts associated with consumption. According to a report collected by the Ellen MacArthur Foundation, a reused garment saves an average of 1 kg of waste, 3,040 litres of water and 22 kg of CO_2 . In 2020, we collected 38.5 million kg of textiles, and in each kilogram of textiles, there were three pieces of clothing on average. During the months of COVID-19 confinement, when it was not possible to access the recycling containers and the shipment of trucks to the plant was paralyzed, part of the staff moved to the other part of the business, Bioalverde, to reinforce their food delivery service, which allowed maintaining employment.

La Encina Servicios Integrados: It is a social and labour insertion enterprise promoted by Cáritas Diocesana de Salamanca in 2000. It was born in an attempt to respond to the high unemployment rates suffered by certain groups in vulnerable situations or at risk of social exclusion. It began by offering gardening and environmental services. Later in 2002, it added cleaning services. La Encina Servicios Integrados is a bridging tool that allows, through employment and training, the development of personalized insertion, favouring the incorporation of the most disadvantaged people into the ordinary labour market. As of the COVID-19 pandemic, the efforts carried out by the enterprise have increased regarding the intensification and complexity of the work protocols to avoid contagion. This has generated some extra costs in relation to the transport of workers and the purchase of personal protective equipment. At the same time, the information and training for them to maintain safety standards has increased and no one has so far been infected. Due to the characteristics of the services offered by the enterprise, no adaptation has been necessary. Fortunately, there have been no forced closings and it has been able to maintain, without reductions, the contracts with the Salamanca City Council, which is its main client. The situation of the pandemic has been an opportunity and has promoted cleaning services among private clients



and the administration with the dissemination of video services posted on social networks. This has allowed jobs and income levels to be maintained.

Caritas in South East Europe

ELBA: The ELBA project is a joint programme started in South East Europe to increase the knowledge about social economy and how to develop social innovation processes. The ELBA programme involves eight countries: Albania, Bosnia and Herzegovina, Bulgaria, Greece, Kosovo, Montenegro, Northern Macedonia, Serbia. The main objectives of the ELBA project are: social inclusion (to tackle the economic crisis in South East Europe); social innovation (to develop a proper ecosystem for the development of social economy; social enterprises (to strengthen the sustainability of Caritas' social enterprises); and social policies (to lobby for new policies in South East Europe to develop welfare and social economy systems in line with EU standards). ELBA has implemented two programmes and is currently on the third programme (ELBA 3), which started in February 2019. The project has supported the creation or the development of dozens of social enterprises all over South East Europe.

Employ Yourself: Employ Yourself is an international project, financed by the EU through the Erasmus+ programme. It aims at developing the capacities of the youth and their opportunities for employment in the social economy. It focuses on training activities, youth exchange, study visits and awareness campaigning on the social economy.

Caritas Hellas

<u>Social Integration and Employability Centre</u>: This Caritas project is part of the Municipal Market of Kipseli, the first one in the country for social economy initiatives and located in one of the most multicultural areas of Athens. The Centre for Social integration and Employability centre (SIE Centre) provides psychosocial support, Greek and English language classes, and financial and job counselling for adults. The services focus on livelihood support as a path towards achieving self-reliance and an independent and dignified life. The centre has helped 2,803 people in nearly two years. More than 560 of them report they have found a job afterwards.

Caritas Czech Republic

Caritas Rescue Network of Diocesan Caritas Brno: It aims to help people who are not reached by the public system of social services, either because some of the social services do not cover the area or the need itself, or because the users are unable to access the social services. The Caritas Rescue Network responds to gaps in the social services system and needs that are not covered by the services of other institutions. From Caritas' experience, there is a relatively large number of people who cannot find a solution due to their difficult life situations, or because there is no suitable service that can help them.

Caritas Luxembourg

Épicerie Sociale: Caritas Luxembourg runs a social grocery shop. The shop aims to combat poverty in a context of an increasing risk of poverty in Luxembourg. The Luxembourg Red Cross and Caritas Luxembourg jointly developed a concept of 'social grocery shops' that is being implemented in different parts of the country. These social grocery shops provide food and everyday products to people affected by poverty, at a reduced cost of one-third of the normal



market price. Some products are co-financed by FEAD. Through this solidarity initiative, disadvantaged people see their purchasing power increase while having access to fresh quality products.

Caritas Latvia

<u>Social services for children with disabilities</u>: It is run by Caritas Latvia and intends to better promote the inclusion of children with disabilities and their families. The actions are: the promotion of a day care centre and the provision of social rehabilitation of disabled children, and social care at home. The aim is to involve 50 of Riga's resident children. It is not possible to estimate any result yet because the project started in March 2019.

Caritas Germany

<u>CariFair</u>: The Caritas Association for the Archdiocese of Paderborn and Caritas Poland have developed an offer that enables women and men from Central and Eastern Europe looking for work to be legally employed under fair conditions and at the same time offers people in need of care and their relatives support and relief. CariFair supports men and women in search of a suitable job in the house of a person in need of care and help with the necessary formalities. Health and pension insurance in Germany and as well as regular working hours and paid vacation are ensured.

Caritas Cyprus

Refuge for Migrant Women and Women with Children: This refuge assists some of the most vulnerable to find their footing and transition from the trauma of displacement to independent living. The Refuge accepts referrals from the government with priority given to possible victims of human trafficking or contemporary forms of slavery, including those who cannot enter or stay in the government shelter because they have children. Residents of the Refuge receive care and support to ensure their wellbeing and to secure access to the public services for which they qualify. They are also provided with training in survival Greek and English and in ICT, CV-writing and interview skills in an effort to boost their employability. The objective is to prepare these women to move to independent living as soon as circumstances allow, but the single largest obstacle remains the unavailability of adequate, safe and affordable housing.

Caritas Bangladesh

The Jute Works: Caritas Bangladesh set up the Jute Works (CJW), a women's non-profit handicraft marketing trust and exporter of quality handicrafts in Bangladesh. At present, this fair trade organisation is made up of 212 artisan groups with 5,941 artisans (92% women) in 33 districts. CJW is one of Bangladesh's largest exporters of handicrafts and represents artisans in 154 home-based workshops with the aim of empowering rural women through handicraft production, animal husbandry and small job creation projects, providing job training and leadership skills. CJW has received the National Export Trophy (an award from the Bangladeshi government) for exporting handicrafts 13 times, the President's Award for Industrial Development 2017, and the International Grand Prix for Commercial Quality EUROPE-88. Its mission is capacity building of marginalised people – especially women, persons with disabilities and indigenous people – ensuring trade justice, market access and improved living standards. Governance is both inclusive and diverse, with the cooperative groups organised according to the by-laws of the group and the Board of Trustees ensuring women and artisans participate in the management and decision-making.