

Briefing paper**The Social Economy Action Plan****Introduction**

This briefing paper is aimed at Caritas Europa member organisations, to suggest recommended actions to take at national level to help implement the [Social Economy Action Plan \(SEAP\)](#). This briefing paper is based on Caritas Europa's [policy paper](#).

Recommendations to Caritas Europa member organisations

The Commission has introduced a broad definition of social economy: “the primacy of people as well as social and/or environmental purpose over profit, the reinvestment of most of the profits and surpluses to carry out activities in the interest of members/users (“collective interest”) or society at large (“general interest”) and democratic and/or participatory governance” (p. 5). This is a good start as it allows the SEAP to be applicable to a broad range of social economy organisations and in countries where the terminology used varies considerably.

Recommendation: We encourage Caritas organisations to advocate for their governments, where they do not already have a legal social economy framework, to use the definition of social economy in the SEAP in determining which organisations fall into the social economy sector.

Caritas Europa is pleased to see, in the SEAP, the statement that “developing coherent frameworks for the social economy entails considering its specific nature and needs with regard to... taxation, public procurement... social and labour market, education, skills and training... and care services” (p. 6). It is particularly important that public authorities also reflect the specific nature and needs of social economy organisations and their users when developing appropriate frameworks, which should also consider the “diversity of legal forms covered by the social economy” (p. 6).

Recommendation: We encourage Caritas organisations to collaborate with public authorities at national and local level to help them better understand the diverse nature and needs of social economy organisations in their frameworks and policies.

Caritas Europa is pleased to see, in the SEAP, reference to the social sector and acknowledgement that social service providers are a crucial part of the social economy as “important partners... in the provision of social, health and care services” (p. 6). It is likewise positive that the SEAP raises some

of the challenges in the social sector, such as low wages and precarious working conditions, though we regret that there is no EU initiative announced to tackle these issues.

Recommendation: We encourage Caritas organisations, in their advocacy, to always explicitly mention that not-for-profit social service providers are also part of the social economy and to call for initiatives at national level to tackle the challenges that the social services sector is facing.

Caritas Europa welcomes the upcoming Commission proposal for a Council Recommendation on developing social economy framework conditions in 2023. Such a Recommendation should improve policy and legal frameworks for social economy organisations in all EU Member States, provide recommendations on all interlinked policies and support all social economy organisations.

Recommendation: We encourage Caritas organisations to influence their governments' positions on the Council Recommendation, when this is discussed, and ensure that their governments consult them in monitoring the implementation of the Council Recommendation. Caritas Europa will support you in this work.

Caritas Europa strongly supports the use of socially responsible public procurement (SRPP) in the buying of goods and services in the social economy, especially for social economy enterprises, and welcomes the 2014 Directive on public procurement in this regard. SRPP is an important tool for achieving a country's social and ecological objectives, as well as contributing to the overall achievement of the Sustainable Development Goals (SDGs).

Recommendation: We encourage Caritas organisations to promote social and ecological clauses, SRPP, in their own public procurement processes as well as in their national frameworks on public procurement in the social economy.

Caritas Europa has doubts regarding the benefit of using public procurement with regard to not-for-profit social service provision, since there are very few, if any, known practices in reality. The publication "[Making socially responsible procurement work - 71 good practice cases](#)",¹ part of the "Buying Social" guide that is mentioned in the SEAP (p. 9), has few examples of relevance for social services. Instead, the Commission and EU Member States should promote the use of public procurement in areas where it can make a positive social impact such as the employment of disadvantaged persons, and to recognise and promote alternative models, based on partnerships, in the funding of quality social services. A proven alternative model that can be replicated across the EU is the so-called "triangle of social services", which identifies three main actors: (1) the public authority that is legally obliged to grant (access to) a service, (2) the individual recipient who is legally entitled to the social service, and (3) the provider of the service.

¹ European Commission, Executive Agency for Small and Medium-sized Enterprises, Tepper, P., McLennan, A., Hirt, R., et al., *Making socially responsible public procurement work: 71 good practice cases*, Publications Office, 2020, <https://data.europa.eu/doi/10.2826/844552>.

Recommendation: We encourage Caritas organisations to advocate to their national governments for alternative models to public procurement, such as the “triangle of social services”, in the funding of social service provision.

Caritas Europa agrees with the emphasis placed on the value of the social economy at local and regional levels, where social economy organisations diligently serve the communities where they are located, contribute to local economic development and foster sustainability (p. 10). EU Member States should ensure that cooperation at national level between local and regional authorities and social economy organisations is further strengthened, as well as cross-border and transnational cooperation.

Recommendation: We encourage Caritas organisations to reach out to their national, regional and local authorities to inform them of their work, possibilities for partnership, and to strengthen cooperation regarding social services and social economy enterprises (SEE).

Caritas Europa is particularly pleased with the call to EU Member States to set up local social economy contact points as “social economy ambassadors” providing support, facilitating access to EU and national funding, and liaising with authorities managing these funds (p. 11). These local ambassadors can help local social economy enterprises reach out to relevant partners and stakeholders, as well as to find out about and to access national and EU funding more easily.

Recommendation: We encourage Caritas organisations to get in contact with their local social economy ambassadors, as soon as they are appointed, to create good relationships and help foster the development of their social economy organisations.

Social entrepreneurship should be accessible to everyone who wishes to pursue it as a career. However, there are still challenges for certain groups such as persons with disabilities, migrants and those with a migrant background, ethnic minorities, elderly, youth, and women, among others who are underrepresented in the sector. Caritas Europa supports the Commission’s initiative to launch a Youth Entrepreneurship Policy Academy in 2022 under the ESF+ to foster youth entrepreneurship, including a specific focus on female and social entrepreneurs, and will continue to support these efforts via the [Young Caritas Europa](#) youth engagement movement and our collaboration in the [Liaise](#) project. However, Caritas would also have liked to see more targeted initiatives to help other underrepresented entrepreneurs, which should be a core feature of all national social economy strategies.

Recommendation: We encourage Caritas organisations to consider supporting and getting involved with the Youth Entrepreneurship Policy Academy in 2022 to support youth entrepreneurship. We also encourage Caritas organisations to remind policy makers of the need for additional targeted initiatives to help other underrepresented entrepreneurs and to collaborate together to find innovative solutions to these gaps.

Enhancing the recognition and boosting the visibility of the social economy is still vital in many countries across the EU and globally. Caritas Europa supports the Commission’s initiatives to carry

out regular communication activities emphasising the role and characteristics of the social economy. Caritas Europa also supports the announced upcoming study, intended to collect quantitative and qualitative information on the social economy sector, including on the impact of participatory governance in social economy business models in all Member States.

Recommendation: We encourage Caritas organisations to actively contribute at national level to the Commission’s upcoming study on the social economy to collect quantitative and qualitative information on the sector, when the EU requests input.

Caritas Europa regrets that there is no mention in the SEAP of a permanent and structured dialogue between the EU Institutions and all social economy actors to regularly assess the barriers to the development of social economy organisations.

Recommendation: We encourage Caritas organisations to try to set up regular dialogues, together with other social economy organisations, to discuss the main challenges they face with their respective governments.

The planned creation of a [European Competence Centre for Social Innovation](#) (p. 19) is interesting. Such a competence centre could be an important building block for the promotion of social innovation in terms of networking and research and in being a central point of contact. Caritas Europa could be interested in participating in the design of such a centre. As established actors, we play a central role in the development of regional innovation-friendly ecosystems and contribute our know-how and network in upscaling social innovations.

Recommendation: We encourage Caritas organisations to actively participate in the design of the European Competence Centre for Social Innovation and to let us know if you do so.

The SE AP mentions that “social economy business models can influence and create spill-overs to mainstream business” (p. 13). While Caritas supports cooperation between traditional businesses and social economy organisations to promote social/ecological causes, EU Member States as well as non-EU countries should always ensure a clear distinction between businesses that incorporate social/ecological objectives and *ad hoc* measures relating to community engagement into their mission and social economy actors whose mission is centred on social and ecological impact.

Recommendation: We encourage Caritas organisations to partner with private organisations and business incubators where these support and promote the social and ecological mission of Caritas, but encourage them to choose their partners carefully.

Caritas Europa appreciates that the SEAP takes into consideration the challenge that “existing support schemes do not always consider the special features of [social economy] business models” (p. 13), particularly in relation to profit allocation and social impact. Caritas is also pleased with the reference that “employees have important upskilling and reskilling needs” (p. 13). In this regard, Caritas Europa

supports the setting up of a skills partnership with dedicated hubs for networking, knowledge and guidance for the Pact for Skills signatories.

Recommendation: We encourage Caritas organisations to get involved in the skills partnership and dedicated hubs for networking, knowledge and guidance and to build larger social economy networks.

With regard to existing state aid rules, it is not sufficient that the Commission only commits to reviewing the General Block Exemption Regulation (GBER) in the SEAP. To be able to provide adequate financial support to social economy organisations, especially in the field of Services of General Economic Interest (SGEI), the Commission should carry out a revision of the existing De minimis Regulation and the SGEI De minimis Regulation.² Special attention needs to be on the increase of the existing threshold amounts and the cumulation of De minimis aid.

Recommendation: We encourage Caritas organisations to try to understand the framework of EU state aid rules and its Services of General Economic Interest (SGEI) framework in order to be able to assess in which cases those rules may apply to them and their services at national level.

Caritas Europa regrets that there is only a brief section of the SEAP encompassing a global perspective. The section “promoting the social economy at the national level” is also rather limited to only a few actions in the area of international cooperation. Despite this, Caritas Europa welcomes the EU’s commitment, through the Action Plan, to “strengthen dialogue and collaboration on the social economy with key international partners”, to “better sharing of available policy guidance and tools” and to “engaging with EU delegations and public authorities in non-EU countries, to facilitate the development of dedicated measures for the social economy” (p. 12). These are all important initiatives, which should be implemented widely, not only in the EU’s neighbourhood but across global regions.

Recommendation: We encourage Caritas organisations working on international development to call on their governments to enhance collaboration on social economy with partner countries outside the EU, by strengthening dialogue with public authorities, sharing policy guidance, and engaging with EU delegations on the social economy. Caritas organisations with ongoing international development projects can also work closely with their local partners in the countries where they operate, for example, supporting them in conducting advocacy toward EU Delegations and in participating in consultations on private sector engagement.

For the Action Plan to be consistently implemented across regions and for it to meaningfully contribute to ‘*a fairer ecological, economic and social transformation*’ (p. 4) in partner countries, it is crucial

² According to the De minimis Regulation, public authorities are required to keep records of all de minimis aid paid out for ten years from the last payment, while beneficiaries of de minimis aid must keep records for three years. Records must also be kept as a way to document that all conditions pertaining to the de minimis regulation have been met.

that the EU Member States' commitment to promoting the social economy worldwide is mainstreamed in its existing and future external actions.

Recommendation: We encourage Caritas organisations to call on their governments to mainstream the social economy in their external actions and to upscale their support to sustainable and inclusive business models, particularly when investing in initiatives aimed at fostering youth entrepreneurship, decent jobs, and sustainable growth in partner countries.

Conclusion

With its focus on social and ecological impact, the social economy has a crucial role to play in the context of widening inequality and climate change in Europe and globally. This is particularly evident with regard to the interlink of social economy with the implementation of the European Pillar of Social Rights (EPSR) and its Action Plan, COVID-19 recovery, as well as the achievement of the 2030 Agenda and the SDGs.

Caritas Europa calls on its member organisations to influence their Member States' national social economy strategies in regard to the recommendations in our policy paper. We also call on them to monitor the implementation of this Action Plan in their Member States and to advocate that their national governments not only implement the relevant initiatives in the Action Plan but go beyond them in promoting the social economy in Europe and globally. This must be done in partnership with all social economy stakeholders and civil society, ensuring clarity and coordination between the actors.