Social Services Europe

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Contribution to EC Call for Evidence
"General Block Exemption Regulation (GBER) General Revision 2025"
(Final version 2 October 2025)

Social Services Europe (SSE) is a network of 9 European umbrella organisations – currently comprising Caritas Europa, CECOP, CEDAG, E.A.N., EASPD, EPR, Eurodiaconia, FEANTSA and the Red Cross EU Office **– representing over 200,000 not-for-profit social and health care organisations**. They provide **care, training, support and guidance** to millions of people across Europe – such as children, older persons, persons with disabilities, people at risk or experiencing poverty and social exclusion, homeless people, migrants and asylum seekers and other vulnerable groups – and this in various stages in life. The national members of the 9 EU-level networks being members of SSE are **active in a sector employing over 11 million people in the EU 27**, **of which about half are employed by social economy organisations**.

This contribution builds on earlier work of SSE on the topics "state aid" and "public procurement".

- SSE response to the EC Call for Evidence on the Revision of the general de-minimis Regulation (20 July 2022).
- SSE reply to the EC Call for Evidence on the Revision of the SGEI de-minimis Regulation (1 June 2023).
- SSE input into the webinar "Services of General Economic Interest (SGEI)" (29 June 2023) organised by the EC in the context of the Mutual Learning Programme "State Aid & Social Economy". It is accessible via the EU Social Economy Gateway.
- SSE input into the Round Table "Social Economy facing State-Aid", 13 February 2024, Liège, held at the European Social Economy Meeting 2024, organised by the Belgian EU Council Presidency.
- SSE contribution to the EC Call for Evidence "Revision of the state aid rules for services of general economic interest, in particular on housing" (31 July 2025)
- SSE contribution to the EC Call for Evidence on the Revision of the Public Procurement Directive (4 March 2025)
- The replies by SSE to both the questionnaire and more in-depth to selected aspects covered there in this document also uses insights from the Study "Impact of State Aid on the Development of the Social Economy and on Service Providers for Persons with Disabilities" (15 November 2023). It was commissioned by SSE member EASPD and finalised in 2023.

This written contribution is complementing SSE's reply to the questionnaire the EC has elaborated and issued for the above-mentioned EC Call for Evidence.

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Social Services Europe welcomes the opportunity to provide input to the European Commission in regard to the revision of the General Block Exception Regulation. In its current form, the GBER already regulates block exemptions in the areas of effective support for the recruitment, employment and training of disadvantaged and disabled workers in the form of wage subsidies and for the compensation of the additional costs of employing disabled workers.

The exemptions provided by the Regulation so far have encouraged Member States, regions and other public authorities to allocate State Aid to enterprises and organisations employing disadvantaged workers and workers with disabilities, fostering employment and contributing to competitive and inclusive labour markets.

The national members of Social Services Europe (SSE) contribute to ensuring that well-functioning, accessible and high-quality social services and the related infrastructure can be guaranteed at the local level across Europe. Drawing on their experience, SSE can highlight both the complexity of state aid rules and the fact that these rules are often not well understood by public authorities in EU Member States or by social services and social economy organisations themselves. As a result, the potential of state aid to support the sector remains underused.

At the same time, State Aid and in particular the GBER do not fully respond to the specific characteristics of social services and social economy, specifically recognising their model in re-investing their profits in line with their objectives and missions. This, combined with underdeveloped social economy ecosystems and the absence of dedicated legal frameworks, further restricts the sector's access to funding. Yet the magnitude of the social economy[1] in Europe makes these barriers particularly concerning. Across the 27 Member States, the social economy encompasses more than 4.3 million entities. At least 11.5 million people — representing 6.3% of the EU's employed population — work in the social economy, including 3.3 million in the health and social care sector alone. In 2021, the sector generated revenues amounting to a turnover of at least EUR 912 billion.

State aid for social services not only supports inclusion but also contributes directly to growth. It enables the employment of persons with disabilities and other disadvantaged groups, and it encourages companies to recruit more inclusively — helping to address persistent staff shortages. Many social services themselves are among the largest and fastest-growing employers. They also contribute significantly to the wider economy, including through work integration social enterprises, sheltered employment etc.

With these in mind, SSE provides the following recommendations to the European Commission in light of the upcoming revision of the GBER. These aim to ensure that the specificities of the social economy and non-profit social services are fully recognised, and that the Regulation's potential is realised to increase the employment of disadvantaged workers and workers with disabilities, while supporting their transition into the open labour market.

[1] Benchmarking the socio-economic performance of the EU social economy - Publications Office of the EU

Social Services Europe recommendations:

1. The GBER needs to recognise social service provision by non-profit entities: New aid category needed

For non-profit social and health care organisations, public financing is sometimes blocked or hindered by state aid rules. This hinders the effective provision of social and health care services and harms not only the people that would have made use of these social services, but also society as a whole. This is why it is of paramount importance that the GBER enables block exemptions for the social economy (for instance, non-profit associations, cooperatives, foundations, mutuals).

In its current form, the GBER already regulates block exemptions in the areas of effective support for the recruitment, employment and training of disadvantaged and disabled workers in the form of wage subsidies and for the compensation of the additional costs of employing disabled workers, e.g., in the context of supported employment (costs for the support by job coaches and other professionals) and for reasonable accommodation of jobs (e.g., by using techniques of job carving or job crafting) and workplaces.[2]

However, other social services are currently not covered by the GBER. While the SGEI Decision (2012/21) and the SGEI-De-minimis-Regulation (2023/2832) could serve as a suitable exemption framework for the provision of social services, they are rarely used in practice due to their complexity. In particular, the technical requirements of the entrustment act often result in a near impossibility of utilising the SGEI instruments. Since no definition of SGEI exists, there is also a general reluctance by public authorities at all levels of governance to define SGEIs in their specific contexts, due to fear that the European Commission could identify a manifest error in such definition.

Underdeveloped social economy ecosystems, in particular in countries of Central Eastern Europe, are confronted with even more difficulties in accessing public finance, coupled with insufficient legal frameworks for social economy and legal statutes for social enterprises. Hence, the over-reliance on “easier-to-use” instruments, like the General De-minimis-Regulation (2023/2831) leads to real funding blockages, since the applicable threshold in this instrument (300.000 EUR in three years) is too low to adequately fund social services.

This is why the GBER needs to recognise the specific characteristics of the social economy (in line with its guiding principles): non-profit social service providers are legally obliged to reinvest any profits in line with their objectives and missions. They also face much more difficulties in accessing finance, since they are often legally not allowed to save up large financial reserves, which could then be used for future investment needs.

For this reason, **a new category of aid for the provision of social services by non-profit organisations should be included in the GBER.** The category of “recruitment and employment

[2] This also explains the key role of the GBER in particular of Articles 33 “Aid for the employment of workers with disabilities in the form of wage subsidies” and 34 “Aid for compensating the additional costs of employing workers with disabilities”, but also of Articles 31 “Training aid”, 32 “Aid for the recruitment of disadvantaged workers in the form of wage subsidies” and 35 “Aid for compensating the costs of assistance provided to disadvantaged workers”.

aid for disadvantaged workers and workers with disabilities" (Arts. 32-35 GBER) is in line with the EU's objective of promoting their employment and increasing their participation rate. However, the category does not cover all social services that vulnerable and disadvantaged people need in order to be able to participate in society. In view of the social dimension of the EU, as expressed in the European Pillar of Social Rights, the GBER should also recognise the importance of social service provision.

The categories exempted by the GBER refer, among other things, to NACE codes to determine which economic sectors are eligible for state aid. NACE codes Q) and R) contain classifications of enterprises in the fields of education, health and social work, which can be used to classify enterprises and organisations according to their main activity. Hence, a reference to NACE codes P) and Q) should serve as a starting point for the inclusion of social services as a separate block exemption in the GBER. Article 2(1)(c) of the SGEI Decision also contains a list of social services that are deemed as so important for the social objectives of the EU that no funding threshold is applied to them.

Council Regulation 2015/1588 allows the European Commission to specify aid categories in the GBER. According to Article 1(1)(xiv), one of the allowed categories is "infrastructure in support of the objectives listed in points (i) to (xiii) as well as in point (b) of this paragraph and in support of other objectives of common interest, in particular the Europe 2020 objectives" However, the possibility offered by the second half of the sentence, namely support of "other objectives of common interest, in particular the Europe 2020 objectives", has not yet been reflected in the GBER. The Europe 2020 objectives consisted of reducing the risk of poverty, increasing the employment rate and promoting social integration. This is also in line with the second paragraph of Article 3 TEU, which stipulates that the EU shall "combat social exclusion and shall promote social justice and protection". Even though the Europe 2020 objectives have now been replaced by the European social headline targets for 2030 and the European Pillar of Social Rights, there continues to be a strong case for better recognition of the provision of social services in the GBER.

We therefore propose **integrating social service provision by not-for-profit entities as a distinct aid category in the GBER.** In order to link the wording of point (xiv) of Regulation 2015/1588 even more closely to the provision of social services, the term "social infrastructure" could be included in the definitions of Art. 2, so that it is clear that "social infrastructure" necessarily includes the provision of social services.

The fact that the terms "social infrastructure" and "social services" are not foreign terms in the GBER is also evident from Article 56e (5) (i) and (ii) GBER[3], which mentions the "provision of social services" and "activities related to social services" respectively. Even though this Article only refers to the "InvestEU" programme, the fact that it was possible to exempt aid of this magnitude for social service provision, this should also be possible for national financing of social service provision. This is even more the case since it is the EU MS and not the EU that has the competence in the social realm.

2. Annex I GBER (SME Definition) needs to recognise non-profit entities

[3] Regulation - 2021/1237 - EN - EUR-Lex

At the moment, the SME definition which is attached to the GBER in Annex I does not recognise the plurality of legal forms and the plurality of economic characters of SMEs. Art. 2 (h) on the SGEI De-minimis Regulation (2023/2832) specifies that non-profit entity means an entity irrespective of its legal status (organised under public or private law) or way of financing, whose primary purpose is to undertake social tasks, which reinvests any profits gained and which predominantly engages in non-commercial activities. Where such entity also pursues commercial activities, it must ensure accounting separation for the financing, the costs and the revenues of those commercial activities from the non-commercial activities.

And it continues by further specifying that enterprises performing services of general economic interest that have no relationship with each other, except for the fact that each of them has a direct link to the same public body or bodies, or to the same non-profit entity or entities, **shall not be treated as a single undertaking for the purposes of this Regulation.**

In essence, as can be seen from recitals 9 and 12 of the SME Recommendation[4], and as the European Courts regularly state,[5] the purpose of the definition of a single undertaking is to better capture the economic reality of SMEs. Linked enterprises have a greater economic strength than SMEs, which is why the benefits for SMEs should not apply to them. However, small and medium non-profit entities are even in a weaker economic position, since profits have to be re-invested in the social purpose of the organisation. This means they can therefore only build up limited reserves. **Hence, the concept of the single undertaking must not apply to a situation in which enterprises are only linked to each other via a non-profit entity.**

Since this clarification has already been included in Art. 2 (2) (d) of the SGEI De-minimis Regulation, the inclusion in Annex I GBER is also a matter of legal clarity and uniformity. Currently, three different SME definitions exist in the three state aid instruments that are used the most (Art. 2 (2) of the General De-minimis Regulation, Art. 2 (h) of the SGEI De-minimis Regulation and Annex I of the GBER). This leads to major legal uncertainties, application problems and unnecessary bureaucratic requirements. The current situation leads to the reality that the same entity might qualify as a single undertaking under one legal instrument, but not under the other legal instrument, where it may even qualify as an SME. Furthermore, it is the EU Member States that determine the applicable state aid instrument. Hence, the Member States can then - through the choice of instrument - decide whether or not an enterprise qualifies as a single undertaking or an SME. This jeopardises the uniform application of these legal concepts.

Incorporating the clarification on non-profit entities from the SGEI de minimis Regulation into Annex I of the GBER would strengthen the uniform application of these legal concepts and significantly reduce the uncertainties and application problems.

3. Increase state aid densities for non-profit providers of social services

SSE underlines that for state aid densities of less than 95% or 90%, adding the outstanding amounts is economically not feasible (at least not feasible from own means, donations, other

[44] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32003H0361

[5] Case T-604/15 (Ertico), judgment of May 22, 2019, para. 101; Case C-110/13 (HaTeFo), judgment of February 27, 2014, para. 31; Case C-516/19 (NMI Technology Transfer), judgment of September 24, 2020, para. 33.

public subsidies, etc., if there is no income to any important extent from economic activities). Only for some categories, namely "aid for compensating the additional costs of employing workers with disabilities" the state aid density is 100% (Art. 34 3).

SSE, thus, calls for an increase:

- for the aid densities to 90%, 95% or 100% for all measures for persons with disabilities of the GBER to be able to use the GBER more broadly.
- of the maximum State aid density from 75% to 100% for workers needing vocational rehabilitation and support after long-term illness/sickness absence.
- for State aid financing measures supporting the training, recruitment and employment of persons with intellectual disabilities e.g., also by earmarking certain or minimum shares compared to other disadvantaged groups (to not “dilute” the support for this sub-group of PwD due to higher support needs).

4. Enabling investments in climate protection, climate adaptation and digitalisation for social service providers

In order to provide social services, non-profit providers need to be able to invest (among others) in climate protection, climate adaptation and digitalisation. Unfortunately, the current rules in the GBER are not suitable to enable necessary financing in these areas.

Social service providers need to be able to invest in climate protection, climate adaptation and digitalisation. Investments in protection against heat and extreme weather events are necessary to ensure the health and safety of particularly vulnerable people. In the social sector, digitalisation can not only help to use resources more efficiently, but also to improve working conditions and facilitate access to services.

In order to enable investments in the areas of climate protection, climate adaptation and energy efficiency for non-profit social service providers, the GBER must therefore be adapted in such a way that funding for measures related to environmental and climate policy can be simplified and implemented in a legally secure manner.

In particular, **the aid intensities for measures to address the challenges of digital and green transformation must be significantly increased for non-profit social service providers.** The **restriction contained in Article 38a(2) GBER** that aid shall not be granted “for investments undertaken to comply with Union standards that have been adopted and are in force” **should be removed, at the very least for non-profit social service providers.** The economic logic of not allowing state aid for legally required measures might make sense for profit-oriented enterprises. However, non-profit social service providers do not operate under the same economic conditions. While for-profit entities can simply pass on the investment costs to the consumers, this is largely not possible in the area of non-profit social service provision, where the social needs of the people supported are of paramount importance.

5. Align the GBER with EU funding policy: Allow cumulation of state aid

SSE points out the **need in improving the options for the cumulation of State aid from different sources, including EU funds**. There is the need to adapt rules relevant for the use of State aid in a manner that they can have a complementarity effect and permit the adding up of State aid from different sources if the objectives of each source/EU fund can be implemented in parallel. This needs a proper assessment of the sources, cost eligibility etc, and safeguards that entities will not require to return the funds.

6. Maintain the provisions of GBER's Section 6 Aid for disadvantaged workers and for workers with disabilities[6]

Sheltered employment is defined in recital 100 as *employment in an undertaking where at least 30 % of workers are workers with disabilities.* As the GBER makes reference to the term/concept "sheltered employment" we want to highlight that sheltered employment settings can feature a degree of segregation; however, they are not by default segregating, this is also highlighted in the Commission's Study of Alternative Employment Models for persons with disabilities[7]. Also, the use of the terms sheltered employment and sheltered workshops is highly uneven in policy documents, research studies, and the public discourse at Member State, EU and global levels.

For SSE, the focus of any revision should lie on how state aid can **support efforts, policies, programmes and regulation that make transitions into the open labour market the norm.** Even in Sweden, which is considered a model country due to the 6% annual mandatory target of transitions to open labour market, there remain barriers that can only be overcome if state aid continues to be provided to 'sheltered employment'. Otherwise, the result would be the opposite of what is intended, pushing many disadvantaged workers and workers with disabilities out of the labour market and back into social care and/or their families.

Thus, SSE calls on the European Commission to **maintain the provisions of GBER's Section 6** Aid for disadvantaged workers and for workers with disabilities, exempting State Aid for wage subsidies and additional support from notification and approval procedures. Under the Regulation's Section 6, aid granted for the employment of workers with disabilities and disadvantaged workers or for compensating the additional costs of employing them shall be considered compatible with the internal market within the meaning of Article 107(3) of the Treaty. As such, when it comes to this Aid, Member States are exempted from the notification requirement of Article 108(3) of the Treaty, provided other conditions laid down in the Regulation are fulfilled.

The exemptions provided by the Regulation so far have encouraged Member States, regions and other public authorities to allocate State Aid to enterprises and organisations employing disadvantaged workers and workers with disabilities, fostering employment and contributing to

[6] EESC Opinion "Social economy entities / State aid rules: How to support social economy entities in line with State aid rules: thoughts following the suggestions in Enrico Letta's report (own-initiative opinion) INT/1071 Rapporteur: Giuseppe GUERINI" of 22 January 2025: *1.4 The EESC believes that the rules for granting aid for the recruitment of disadvantaged workers or workers with disabilities set out in Section 6 of the General Block Exemption Regulation (GBER, Regulation (EU) No 651/2014) should be strengthened and simplified. As suggested in the Letta Report on the single market, and in the communication on criteria for the analysis of the compatibility of State aid for the employment of disadvantaged and disabled workers subject to individual notification (communication on employment aid, OJ C 188, 11.8.2009), these rules should be updated to reflect the current economic situation.*

[7] Study on alternative employment models for persons with disabilities - Publications Office of the EU

competitive and inclusive labour markets.

At the same time, SSE supports a **thorough review of Article 34 (2) f** to ensure that State Aid supports transitions to and inclusion in the open labour market, and is no longer used to prop up sheltered workshops that do not respect workers' rights in line with national standards and legislation.

7. Include Supported Employment in addition to Sheltered Employment within the GBER

SSE calls for the inclusion of a definition for supported employment in addition to sheltered employment, aligned with the operational definition included in the Commission's Study of Alternative Employment Models for persons with disabilities[8]:

> *Supported employment and related approaches provide support to persons with disabilities or other disadvantaged groups to secure and maintain paid employment in the open labour market. The term comprises all approaches that contain some or all of the following: provision of tailored support in the form of professional and personal guidance, information, strengthening of job search skills, medical and psychological profiling of working possibilities, job identification and placement in cooperation with committed employers, ongoing support which is individualised and provided as needed for both the employee and the employer. Also included is customised employment, which typically involves job carving. All types of supported employment require the role of a job coach or an equivalent position. For some forms of supported employment, such as Individual Placement and Support (IPS) targeting persons with serious mental health issues, strict guidelines exist which need to be adhered to for benefitting from existing evidence for its effectiveness. Supported self-employment refers to programs that provide budding entrepreneurs with disabilities or other disadvantaged groups with upfront and continuous support. They seek to promote self-employment as a realistic option for them.*

SSE further proposes to include the concept of "supported employment" in the following way:

No of Article	Original GBER Text	Proposed Amendment
34 2 b	costs of employing staff solely for time spent on the assistance of the workers with disabilities and of training such staff to assist workers with disabilities;	costs of employing staff solely for time spent on the assistance of the workers with disabilities and of training such staff to assist workers with disabilities, including, where appropriate, the cost of job coaches in supported employment;
35 2 a	employing staff solely for time spent on the assistance of the	employing staff solely for time spent on the assistance of the disadvantaged workers over

[8] Study on alternative employment models for persons with disabilities - Publications Office of the EU

	disadvantaged workers over a maximum period of 12 months following recruitment of a disadvantaged worker or over a maximum period of 24 months following recruitment of a severely disadvantaged worker;	a maximum period of 12 months following recruitment of a disadvantaged worker or over a maximum period of 24 months following recruitment of a severely disadvantaged worker, including, where appropriate, the cost of job coaches in supported employment;

Integrating supported employment within the scope of the GBER, and in particular by making use of the provisions of Section 6 on the employment of disadvantaged and disabled workers, would provide a clear and legally certain framework for Member States further supporting employment into the open labour market. By recognising supported employment as an eligible form of aid, the GBER would further enable the financing of job coaching, workplace adaptations, and other tailored supports necessary for sustainable labour market participation. This would not only strengthen compliance with Article 27 of the UN Convention on the Rights of Persons with Disabilities and the principles of the European Pillar of Social Rights, but also ensure that disadvantaged workers and workers with disabilities can access employment on an equal basis, while safeguarding employers against disproportionate costs.

8. Improve State Aid's use for the transitions into Open Labour Market employment

State aid could be used in a qualitatively better way to increase the employment of people in disadvantaged situations – and thus to better realise inclusive labour markets by ensuring the transition of more e.g. workers with disabilities into the mainstream labour market, in other words their employment outside segregated settings.

In all EU Member States exists the obligation in accordance with Article 27 UN CRPD on Work and Employment to support the employment of persons with disabilities and – both in view of short-term training and recruitment measures to long-term workplace adaptations and support – to **use State aid for measures and investments in freely chosen or accepted employment in a labour market that is inclusive and accessible to them and where the workers with disabilities have access to fair remuneration and workers' rights on the same level as any worker without a disability**.

To make this provision (and basic legal obligation, not only moral obligation) effective, it should be accompanied by **an increase of the thresholds – in particular thresholds set by the GBER and of the SGEI de minimis Regulation.** It needs to take into account the evolving (and in recent years increased) employment/wage costs and cost of living across the whole EU. Taking this obligation seriously would, as a by-product, also help to live up to political commitments made by the EU MS to make tangible progress towards the implementation of the UN CRPD (in particular Article 27), the 2017 European Pillar of Social Rights (EPSR) and the related Action Plan to effectively implement, e.g., principle 17 on "Inclusion of people with disabilities", the European Disability Strategy 2021-2030 "Union of Equality" (including the 2022 Disability Employment Package) and the EC's objective of an economy that works for people as reflected in the regulatory and policy framework for the European Semester.

This needs to be accompanied:

- by the promotion of policy reforms in the context of labour market integration measures to facilitate transitions from alternative models of employment to models of supported employment and employment in the open labour market and the use of public money with a social investment objective. In each country the situation depends on the priority given in legislation, policy design and ear-marked government allocations, to the realisation of inclusive societies and labour market.
- by overcoming the underuse of State aid to co-finance the wage costs for the employment of PwD, often too quickly labelled as "unable to work". Public resources could then be invested for active labour market measures that support integration into employment, rather than being limited to only wage-replacing or inactivity-compensating social benefits. This does not diminish the importance of wage-replacing or inactivity-compensating social benefits, which remain crucial for many; rather, it underlines that legal frameworks in some Member States can be restrictive and should evolve to better support the integration of persons with disabilities into employment.
- by introducing a mechanism that would allow Member States to include additional types of workers under disadvantaged workers. Here, we need to highlight that people with disabilities and those with severe/complex disabilities need other types of support, guidance and promotion than e.g., long-term unemployed persons. A recommendation, thus, is not to put persons with disabilities into the same category as other disadvantaged or vulnerable groups for which State aid is earmarked.