



Social Services Europe

SSE Reaction to the Council Recommendation on developing social economy framework conditions (10 October 2023)

Social Services Europe (SSE)* welcomes the Council Recommendation on developing social economy framework conditions embraced as a political agreement on 9 October by the EPSCO Council. If taken up courageously within the EU Member States, involving key social economy actors in the policy design, monitoring, and evaluation processes, it will be instrumental in improving and consolidating the national regulatory and funding frameworks for the social economy, also for not-for-profit social service providers. This has been one of the key requests by SSE¹.

The role, specific characteristics, and benefits of social economy entities as well as their contribution to public policies and the general interest are well identified and recognised:

- “Social economy entities can create and retain quality jobs; they contribute to the social and labour-market inclusion of disadvantaged groups and to equal opportunities for all.” (Recital 4). They also operate “in line with the framework of an inclusive recovery” (ibid.).
- “Social economy entities also make a significant contribution to Europe’s welfare systems by complementing public services, (...)” (Recital 4). This is exactly the role of the national members of SSE members across the EU and beyond, in the fields of social inclusion, social care, employment, health and (social/affordable) housing.
- “The social economy (...) encompasses a diverse range of entities with different business and organisational models that prioritise societal purpose, including social and environmental goals, over profit.” (Recital 7) (...) “They share the common principles of reinvesting all or most of their profits to pursue their social and/or environmental purposes and practicing democratic and/or participatory governance.” (ibid.)
- “Social economy entities often strive to create economic opportunities that promote social inclusion and the integration of disadvantaged groups, including persons with disabilities and persons with mental health issues, into the labour market.” (Recital 8). SSE also welcomes the reference to “work integration social enterprises” in this context.
- The social economy contributes to the Union of Equality by promoting the social inclusion of disadvantaged and underrepresented groups, for example through the provision of social and care services (including childcare, health care and long-term care), social housing and support for children and young people with special needs. (Recital 12) (...) “As an important partner for the public sector, the social economy can make a valuable contribution to the design and delivery of residential, home and community-based care services. Through partnership initiatives, public authorities and social economy entities can provide high-quality, accessible, and affordable care services.” (ibid.) SSE in particular welcomes the focus on partnership and cooperation with the relevant public authorities.
- “Social economy entities generally operate in a bottom-up way, close to communities, citizens, and the problems they face, often acting as social innovators and finding solutions that can be scaled up or replicated and that contribute to systemic change.” (Recital 14)

¹ Cf. [SSE Statement on the EC proposal for a Council Recommendation on developing social economy framework conditions](#) (6 July 2023)

- “Social economy entities do not first and foremost seek to maximise efficiency gains and profits but primarily to create positive societal outcomes. They need support measures and favourable financial, administrative and legal environments that take account of the specific features of their business models in terms of governance, profit allocation, working conditions and impact. These measures enable them to (...) employ workers that are less productive or provide social services at accessible prices.” (Recital 16)

SSE considers the wording of the following recitals and articles helpful and would like to see the wording and the recommendations contained in them **inspire and guide the EU Member States for the improvement of their social economy framework conditions:**

- Full involvement of not-for-profit social service providers in policy making: “It is essential to involve social economy stakeholders and to facilitate the participation of the most vulnerable persons for the successful development and implementation of social economy strategies.” (Recital 17) Across the EU MS, the national members of SSE see themselves as one of the “platforms for collective action” mentioned in this recital.
- Access to tailored financing for the services delivered by not-for-profit social service providers: “There is therefore still ample room for improvement in providing tailored funding for different stages of the life cycle of a social economy entity (...)”. (Recital 18)
- Making socially responsible public procurement a reality (where public procurement should be used): “(...) contracting authorities can use public procurement in a more strategic manner by setting innovative, green and social criteria, ultimately contributing to a more sustainable, inclusive and competitive economy.” (...) “Since social economy entities aim to provide societal and collective benefits rather than to provide services at the lowest price, they struggle to compete in regular public procurement processes, despite the fact that they can provide broader added value to the procurement process.” (Recital 20)
- Making full use of the opportunities of the EU State Aid Framework: “Public authorities often do not make the most of the current scope under State aid rules to support the social economy, where the market alone is unable to achieve satisfactory access to the labour market and social inclusion, limiting themselves to measures under the general de minimis threshold and not using the option to establish measures under Commission Regulation (EU) No 651/2014 (the General Block Exemption Regulation) such as regional aid, risk-finance aid, and aid to recruit disadvantaged workers.” (...) “Union rules governing services of general economic interest also offer scope to authorise State aid, but public authorities often do not make full use of these options, particularly for social services in the field of work integration of vulnerable persons”. (Recital 21)
- **The recommendations contained in the following articles: 5., 6., 7., 8. (a) ii. and (d) and (f), 9., 10., 11, 14. (b), (d), (e) and (j), 15., 16. (b) to (e), 18. (a) i., iv. and v., (b) and (c), 19 (b) to (d), 20. (a), 24., 25. and 26.** For most of the articles listed, we highlight key issues or use quotes from them in more detail below.
- Article 5 “Access to the labour market”: SSE appreciates the partnership approach in the design and implementation of active labour market policies and the support for collaborative projects involving key labour market actors. SSE welcomes the call on public authorities to provide adequate support to social economy entities for an improved labour market integration of women, disadvantaged, and other underrepresented groups, by work integration social enterprises and by social services providing employment and a tailored approach to long-term unemployed persons, people suffering from mental health conditions, persons with disabilities, migrants and other groups, and with the ultimate aim of their integration in the open labour market. SSE is delighted to see that this objective is also spelled out in Article 7 (b) ii.

- Article 6 “Social inclusion”: SSE is pleased by the recognition of the role of social economy organisations “in providing accessible and high-quality social and care services and housing, also taking into consideration disadvantaged groups, in close cooperation with publicly available social services”, acknowledging the much-needed cooperation and beneficial between them and the competent public authorities in the delivery of “services of general interest”, and also highlighting a person-centered approach.
- Article 9, calling on the EU Member to design, adapt and/or roll out comprehensive strategies that recognise and stimulate the social economy, including the not-for-profit social services sector, in line with this the fields of action included in this Council Recommendation, and Article 10, putting a much-needed emphasis on having institutionalised mechanisms for consultation and dialogue.
- Article 14 “Access to public and private funding”, aiming at an enabling environment for social finance by, amongst other initiatives, “facilitating the access of social economy entities to financing at the right stage of their development and tailored to their needs, including grants and other subsidies” and making the best use of the funding available under ESF+, ERDF, InvestEU Member State Compartment, RRF as well as other EU funds.
- Articles 15 and 16 on “Access to markets and public procurement” mentions the use of a specific scheme for social services, inspired by the principle of solidarity and the use of tools to promote socially responsible public procurement, including social clauses, reserved contracts and markets “for work integration social enterprises or for operators that employ amongst their workforce at least 30% persons with disabilities or disadvantaged workers”, the use of the most economically advantageous tender and award and contract performance clauses to ensure quality services.
- Article 18 “State aid”: SSE much welcomes the recommendation to make best use of the whole State Aid Framework, including the General Block Exemption Regulation and there the articles 31 to 35 in relation to financial support for the training, recruitment, and employment of (severely) disadvantaged workers and persons with disabilities.
- Article 19 “Taxation”, calling on the EU Member to develop or improve “tax incentives for the social economy in line with their social policy objectives” and to “facilitate compliance on a practical level for public-benefit cross-border donations for taxation purpose”.
- Articles 24, 25 and 26 in relation to “Implementation, Monitoring and Evaluation” which recommend, e.g., the setting up of one-stop shops and social economy contact points as well as the designation of social economy coordinators. This should happen within 2 years.

SSE and its members reiterate their interest to **work in partnership with governments and public authorities to implement the initiatives of the Social Economy Action Plan²** – which recognises them as “important partners (...) in the provision of social, health and care services” – and **to make good use of the Council Recommendation on developing social economy framework conditions.**

SSE will actively accompany the work of the European institutions with a view of adopting the Directive on European Cross-Border Associations, proposed by the European Commission on 5 September 2023 (COM(2023) 516 final), with the aim to obtain a tool facilitating the cross-border activities of associations.

* [Social Services Europe](#) (SSE) is a network of eight European umbrella organisations – comprising Caritas Europa, CEDAG, E.A.N., EASPD, EPR, Eurodiaconia, FEANTSA and the Red Cross EU Office. We represent over 200,000 not-for-profit social and health care organisations working in the general interest and are active in a sector employing over 11 million people, of which about half are employed by social economy organisations. This also means that more than a third of the (estimated) 13.6 million paid jobs in the social economy is in the sector of social services.

² Cf. [SSE Proposals for the Social Economy Action Plan – From Ambition to Implementation](#) (28 April 2022)