



EU support to social economy & social enterprise

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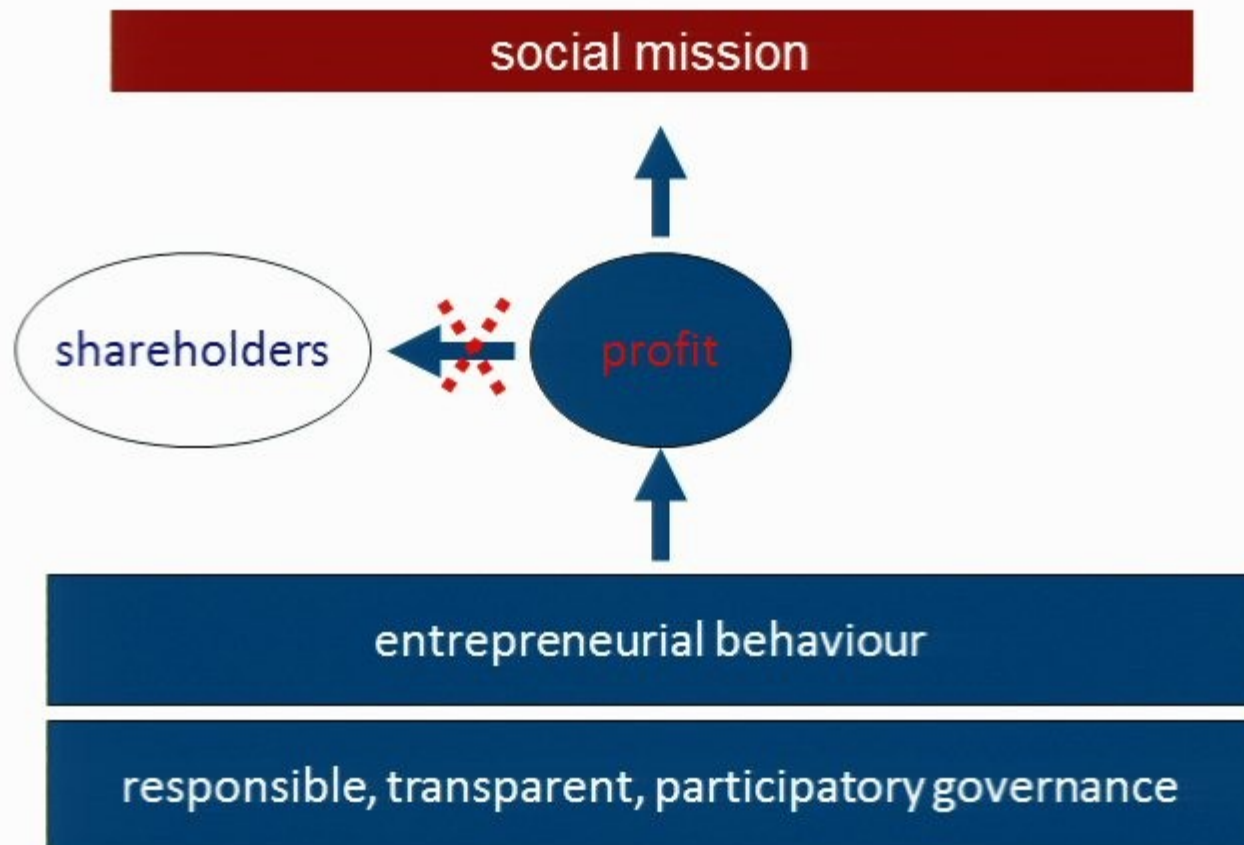
**Member of Cabinet of László Andor,
EU Commissioner for Employment, Social Affairs and Inclusion**

**Mezinárodní fórum sociálního podnikání se zaměřením na
podporu zaměstnávání osob se zdravotním postižením
Proseč u Skutče, 10-11/10/2013**

Outline

- *Social economy & social enterprise: pillar of the social market economy*
- *How does the EU concretely support it?*
 - **Market building through EU-wide regulation**
European Social Entrepreneurship Fund (EuSEF)
 - **Budgetary instruments**
Progress Microfinance 2010->
Programme for Employment and Social Innovation (EaSI) 2014-20
Structural and Investment Funds 2014-20 (ESF, ERDF)

EU definition of social enterprise



"Social business" means ...

... an undertaking operating in the market through the production of goods and services in a way that embodies its social objective, which:

- (i) has the achievement of measurable, positive social impacts as a primary objective (in accordance with its articles of association, statutes or any other statutory document establishing the business);*
- (ii) uses its profits to achieve its primary objective ("asset-lock clause") and has in place predefined procedures and rules for any circumstances in which a part of its profits are distributed to shareholders and owners;*
- (iii) is managed in an innovative, accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activities.*

The Social Business Initiative (SBI)

- ✓ Common work of **DG MARKT, DG EMPL** and **DG ENTR**
- ✓ **Communication** presented by **Vice-President Tajani** and **Commissioners Barnier and Andor**, adopted on **25 October 2011**
- ✓ Part of the "**Responsible businesses**" package (with, *inter alia*, the Communication on **Corporate Social Responsibility**)
- ✓ **Inclusive Single Market, strengthening growth and jobs**
- ✓ **Road map for the next months/years**, around 3 types of themes (11 key actions)

I. Improve the access to funding (4 key actions)

1. European **Social Entrepreneurship Funds** (*entry into force May 2013*).
2. Development of **microcredit** in Europe (*EPMF, started in 2010 until 2016 AND the 3rd axis of the new EaSI programme, which will become operational from 2014*).
3. A **European financial instrument** to improve social businesses' access to funding (*the third axis of the new EaSI programme, which is dedicated to microfinance and social enterprises*).
4. Investment priority for social enterprises in the new regulations (2014-20) for **ERDF** (European Regional Development Fund) and **ESF** (European Social Fund) (*October 2011*).

II. Improve the visibility (4 key actions)

5. **Mapping** social enterprises in Europe to identify good practices and collect reliable data on the social economy (*under way, to be finished in April 2014*).
6. A **public database of labels and certifications** applicable to social businesses in Europe to improve the visibility and comparison between them (*work in progress*).
7. Promote **mutual learning and capacity-building of national and regional administrations** and help them to put in place integrated strategies to support social enterprises (*under way*).
8. Create a single, multilingual information and exchange **platform for social enterprises** and their partners (*under way*).

III. Improve legal environment (3 key actions)

9. Simplification of the European **Co-operative** Society in 2012. Study on the situation of **mutual** societies (*February 2012*).

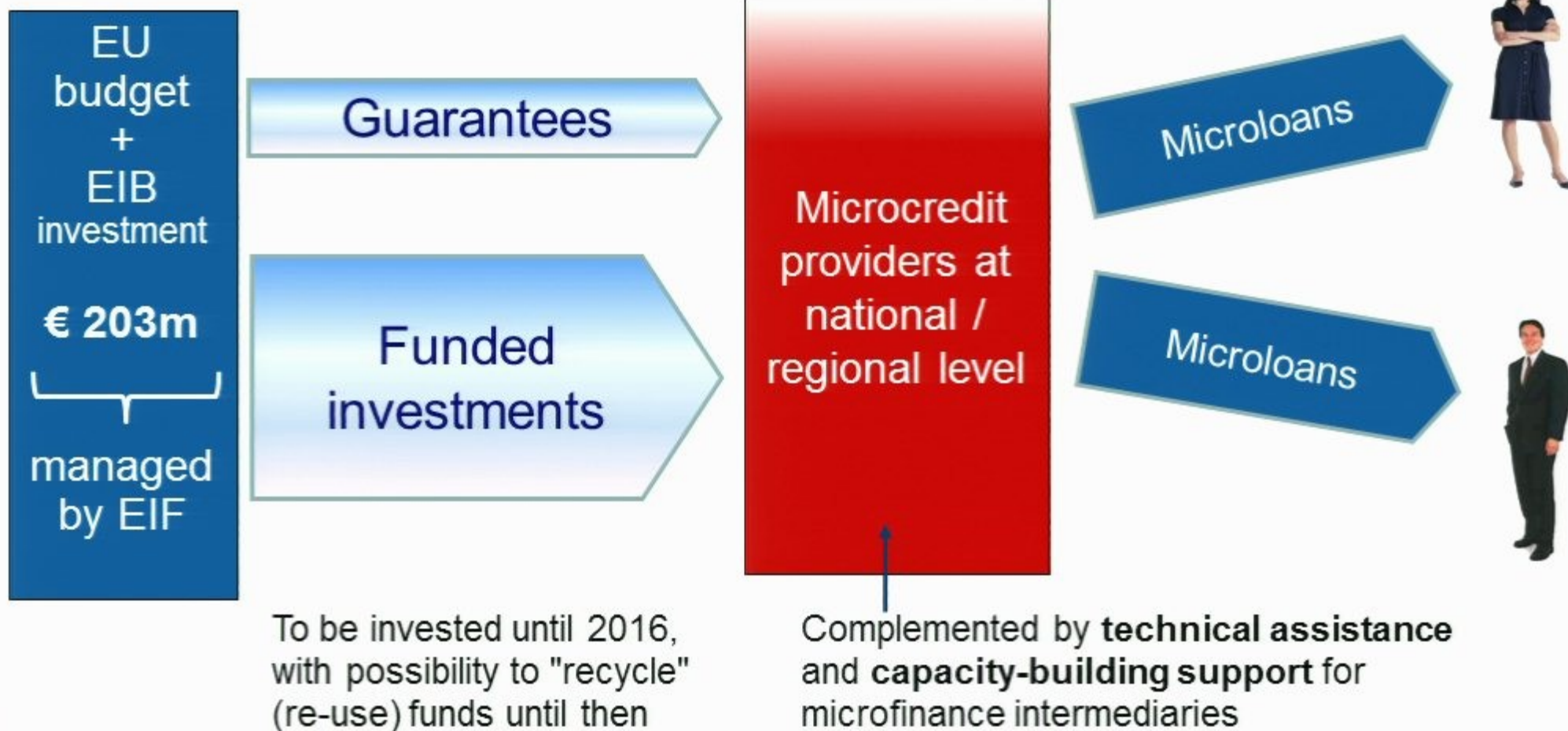
10. **Public procurement** reform: streamlined regime for social services; more focus on the element of quality in awarding contracts; possibility to take into account the working conditions for people involved in the production process and extended possibility of reserved contracts for social enterprises (*launched December 2011*).

11. Simplify the implementation of rules concerning **state aid** to social and local services (*December 2011*).

Market building through EU-wide regulation: European Social Entrepreneurship Fund (EuSEF)

- *Regulation adopted by EP and Council in March 2013 (<http://bit.ly/Yiyzyl>)*
- *EU-wide passport (**EuSEF** as investment vehicle brand): uniform rules for fund marketing, portfolio composition, eligible investment instruments, conduct & transparency*
- *70% of fund volume invested in social enterprises ("eligible undertakings")*

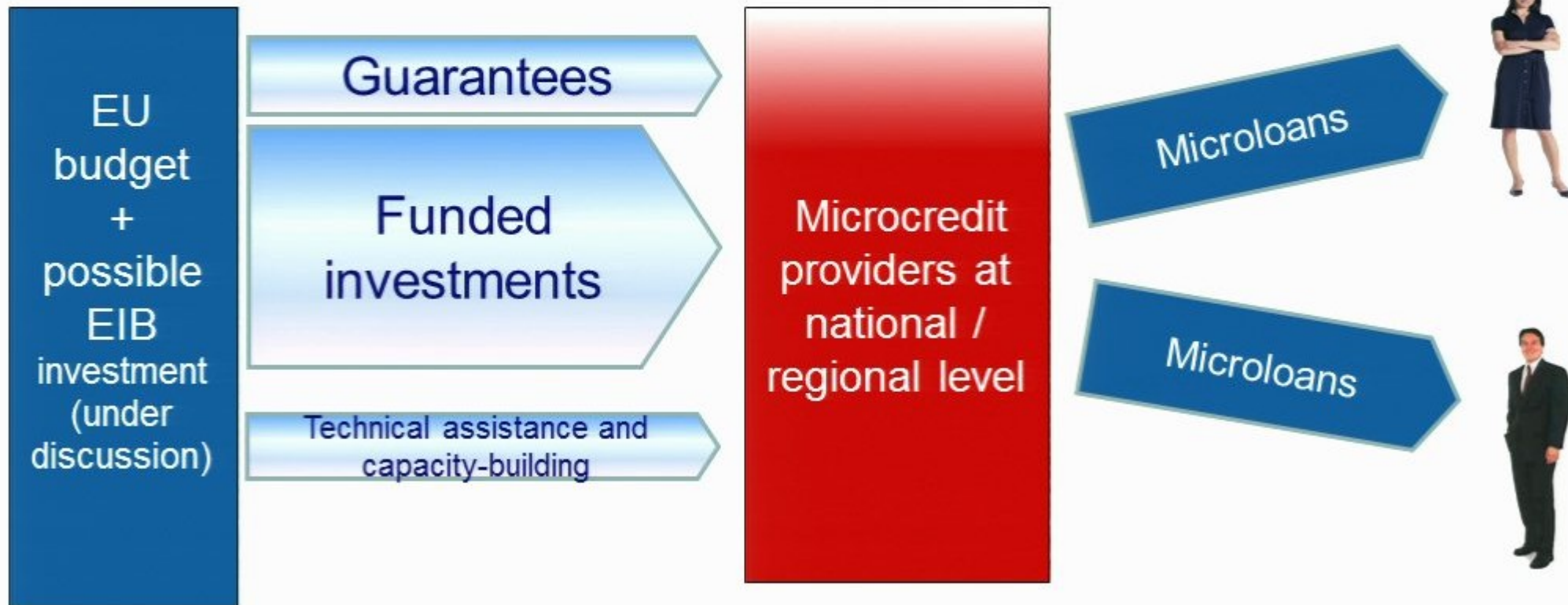
European Progress Microfinance Facility 2010→



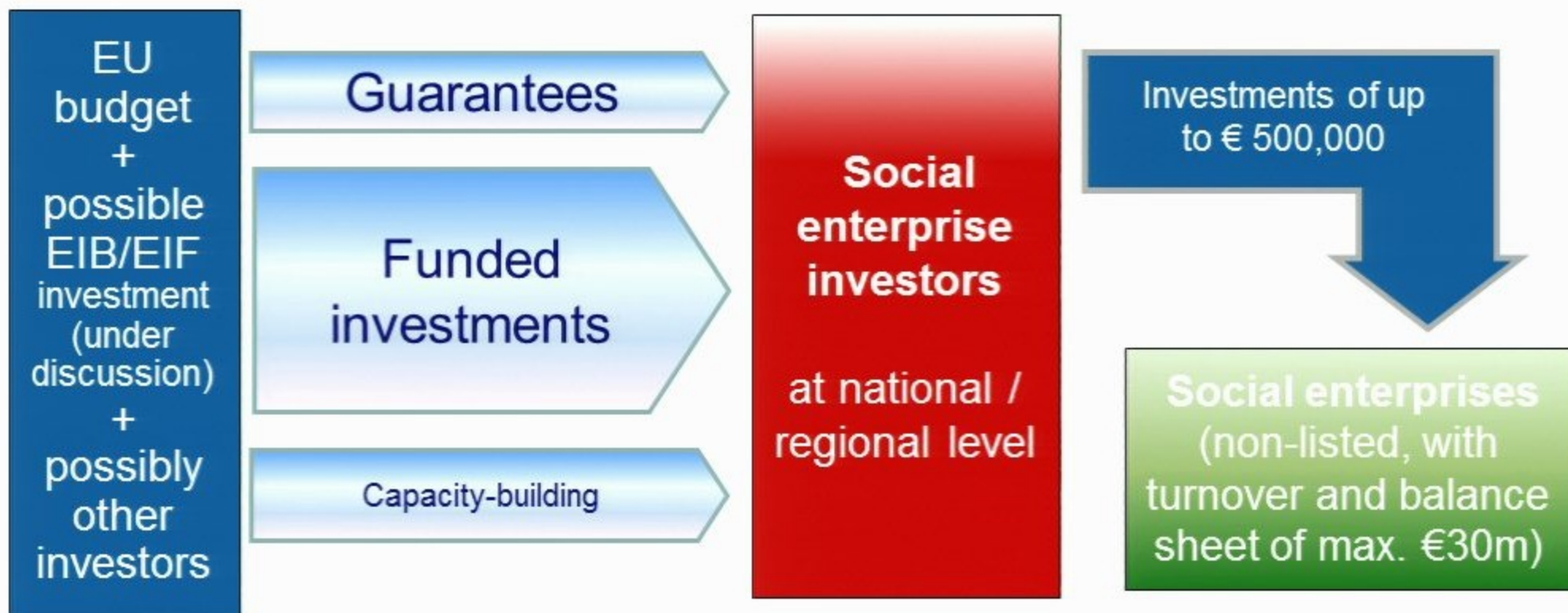
Programme for Employment and Social Innovation (EaSI) 2014-20

- *3 axes, 1 of which is Microfinance & Social Entrepreneurship*
- *The new programme will:*
 - *extend the support given to microcredit providers under the current European Progress Microfinance Facility*
 - *provide funding for capacity-building of microfinance institutions*
 - *support the development of the social investment market and facilitate access to finance for social enterprises.*
- *The total proposed budget for the microfinance and social entrepreneurship axis is around €171.15 million for the period 2014-2020.*

EaSI Microfinance 2014-20: likely similar architecture



EaSI Social Entrepreneurship 2014-20



Preparatory Action "Social innovation driven by social business and young entrepreneurship" - just launched!

EU Structural and Investment Funds (ERDF, ESF)

- *Much larger source of support, focusing on different fields:*
- *European Regional Development Fund: energy efficiency, transport, R&D, SMEs*
- *European Social Fund: employment, education, social inclusion (human capital)*
- *Both ERDF and ESF regulations foresee an "investment priority" on **promoting the social economy and social enterprise**. In addition, social enterprises help achieve many EU objectives (work integration of handicapped people, energy efficiency, youth employment...)*
- *This could obviously be delivered not just through grants, but also through **revolving financial instruments** (equity/ mezzanine/ loans/ guarantees)*
- *Investment decisions taken nationally/regionally, based on 7-year Operational Programmes agreed with European Commission*

ESF 2014-20

- *Member States will have to **concentrate ESF means** on a number of objectives and investment priorities in line with the Europe 2020 Strategy;*
- *There would be a **minimum share** of the budget allocated to each category of regions. It would be higher than before – it corresponds to at least €84 billion for the ESF budget, compared to the current €75 billion.*
- *A minimum **share of 20%** will be allocated to social inclusion;*
- *More **emphasis** will be placed on combating youth unemployment, promoting active and healthy ageing, and supporting the most disadvantaged groups and marginalized communities such as Roma;*
- *The **participation of social partners and NGOs** will be further encouraged and administrative procedures simplified.*

How can *you* engage in the coming months?

- *EuSEF: consider if forming a fund under this new EU-wide label could help you attract investors*
- *Progress Microfinance: financing available, take contact with EIF*
- *EaSI 2014-20: consider applying for grants under the Preparatory Action "Social innovation driven by social business and young entrepreneurship"*
- *ESF, ERDF: approach national/regional "Managing Authorities" in charge of preparing Operational Programmes for 2014-20 → explain the value for money that social enterprises can create and how public contribution to funds supporting them could help*



Social entrepreneurship in the Czech Republic

- *Need to set up a comprehensive support system (financial, education, counselling)*
- *Systemic project "Support of social entrepreneurship in CZ" (from OPHRE): network of local consultants to provide employers with expertise.*
- *For the future - a more integrated approach. ESF could:*
 - Finance the creation of a new support system – network of support centres?
 - Finance a system of measuring quality of social enterprises
 - Support entrepreneurial spirit in schools
- *Good development: system of internships via labour offices and the Fund for Further Education*



Conclusion

*Register for event in Strasbourg 16-17 January 2014:
http://ec.europa.eu/internal_market/conferences/2014*

*Read our documents, Social Europe Guide volume 4:
<http://ec.europa.eu/social> (publications)*

*Follow funding opportunities:
<http://ec.europa.eu/social> (funding)*

New call: "Supporting the demand and supply side of the market for social enterprise finance"