Basic information

2012/2004(INI) INI - Own-initiative procedure	Procedure completed
Social Business Initiative - Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation **Subject** 3.45.07 Social economy, mutual societies, cooperatives, associations	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
EMPL Employment and Social Affairs	BECKER Heinz K. (PPE)	01/02/2012
	Shadow rapporteur GÖNCZ Kinga (S&D) HIRSCH Nadja (ALDE) GIEGOLD Sven (Verts/ALE) TURUNEN Emilie (Verts/ALE) MURPHY Paul (GUE/NGL)	

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	MARCINKIEWICZ Bogdan Kazimierz (PPE)	13/02/2012
IMCO Internal Market and Consumer Protection	HANDZLIK Małgorzata (PPE)	29/02/2012
CULT Culture and Education	The committee decided not to give an opinion.	
JURI Legal Affairs	The committee decided not to give an opinion.	

FEMM	Women's Rights and Gender Equality	The committee decided not to give an opinion.

European Commission	Commission DG	Commissioner
	Financial Stability, Financial Services and Capital Markets Union	BARNIER Michel

Key events

Date	Event	Reference	Summary
25/10/2011	Non-legislative basic document published	COM(2011)0682	Summary
19/01/2012	Committee referral announced in Parliament		
18/09/2012	Vote in committee		
04/10/2012	Committee report tabled for plenary	A7-0305/2012	Summary
19/11/2012	Debate in Parliament		
20/11/2012	Decision by Parliament	T7-0429/2012	Summary
20/11/2012	Results of vote in Parliament		
20/11/2012	End of procedure in Parliament		

Technical information

Procedure reference	2012/2004(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	EMPL/7/08569

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE489.349	14/05/2012	
Amendments tabled in committee		PE491.143	06/06/2012	
Committee opinion	ITRE	PE487.990	19/06/2012	
Committee opinion	IMCO	PE489.359	28/06/2012	

Committee report tabled for plenary, single reading		A7-0305/2012	04/10/2012	Summary
Text adopted by Parliament, single reading		T7-0429/2012	20/11/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2011)0682	25/10/2011	Summary
For information	SEC(2011)1278	25/10/2011	
Commission response to text adopted in plenary	SP(2013)110	02/04/2013	

Social Business Initiative - Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation

2012/2004(INI) - 04/10/2012 - Committee report tabled for plenary, single reading

The Committee on Employment and Social Affairs adopted a report by Heinz K. BECKER (EPP, AT) on Social Business Initiative – “Creating a favourable climate for social enterprise, key stakeholders in the social economy and innovation”.

Members recall that the social economy employs at least 11 million people in the EU and accounts for 6 % of the entire workforce or 10 % of all European enterprises (that is, 2 million enterprises). They contribute, by their nature, to establishing a more cohesive, democratic and active society. They often face difficulties, like SMEs, in accessing finance in order to expand their activities.

For a definition of a social economy: welcoming the Commission Communications “Social Business Initiative” and “Towards a job-rich recovery”, with recommendations to national governments on improving the framework conditions for social enterprises, Members consider it necessary to define “social enterprise”. It means an undertaking, regardless of its legal form, which:

- 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, where the undertaking: i) provides services or goods to vulnerable, marginalised, disadvantaged or excluded persons, and/or ii) provides goods or services through a method of production, which embodies its social objective;
- uses its profits, first and foremost, to achieve its primary objectives instead of distributing profits, and has in place predefined procedures and rules for any circumstances which ensure that any such distribution of profits does not undermine its primary objectives; and is managed in an accountable and transparent way, in particular by involving workers, customers and/or stakeholders affected by its business activities.

Recommended actions for various types of enterprises: Members emphasise that activities carried out by volunteers in various sectors of the social economy – including young people starting their careers constitute an important contribution to economic growth, solidarity and social cohesion. They ask for recognition and appropriate financial and structural support at local, national and European level.

To help this sector, the Commission and the Member States are invited to ensure:

- the promotion of a strategy and of measures promoting social entrepreneurship and innovative social enterprises, especially with regard to young and disadvantaged people, in order to ensure better and easier access for entrepreneurs, to EU and Member States' programmes and funding (for example, within the framework of the Erasmus For Young Entrepreneurs programme);
- supports initiatives at EU level to extend and strengthen the already advanced association sector;
- calls for the speedy adoption of a **European statute for associations** to complement existing legal statutes at Member States’ level and to facilitate cross-border activity of mutual societies;
- to enhance the operating conditions forcooperatives, mutuals, associations and foundations, and thereby support the development of the social economy in general.

Enterprises fulfilling social objectives or achieving social impact*:* stresses that social enterprises are important provides of Services of General Interest (SSGI). They often stem from, or are closely linked to, civil society organisations, voluntary organisations and/or welfare associations providing person-oriented services and often find themselves between the traditional private and public sectors delivering public services, i.e., in the framework of public procurement.They also consider that the notion of corporate social responsibility (CSR) should be viewed separately from that of the social economy and social enterprises, even though a strong interconnection can exist between the two.

Financial Perspectives – improving the legal and fiscal environment: the Members believe that the European Union programme for social change and innovation for the period 2014-2020 with its microfinance and social entrepreneurship axis, contributes to the effort to guarantee better access to micro-credits for micro-enterprises in the social economy. Convinced that different financial instruments – such as the European Social Entrepreneurship Funds, the European Venture Capital Funds and the European Angels Funds (EAF) – are needed to improve access to financial markets for social enterprises, the Members stress the need to support social enterprises through **sufficient financial means at local, regional, national and EU level**, and point to the relevant funds under the Multiannual Financial Framework 2014-2020 (such as European Social Fund, the European Regional Development Fund, the Agricultural Fund for Rural Development, the Programme for Social Change and Innovation, the Programme for Research and Innovation, as well as Horizon 2020).

They explicitly ask for **support for innovative social enterprises**, in particular, those promoting quality employment and combating poverty and social exclusion.

It is also necessary to simplify access to funding and to create conditions under which social enterprises can gain financial independence.

Measurements, support and promotion: Members demand that a comparative study be initiated by the Commission and carried out in cooperation with social enterprises, of the various national and regional legal frameworks throughout the EU, and their operating conditions and characteristics.

Emphasising that there is great variation among social enterprises in terms of form, size, business activity, economy and co-operation, Members consider it necessary to improve their competitiveness across the European Union.

They propose that steps be taken to:

- encourage the creation of social innovation clusters with adequate incentives;
- develop a "**European social label**" to be awarded to social enterprises to ensure better access to public and socially innovative procurement without infringing any competition rules;
- improve the understanding of, and the knowledge about the social economy, and to improve its visibility, by supporting academic research, *inter alia* in the context of the 8th Framework Programme (Horizon),
- launch a regular activity report on social enterprises;
- establish a "**European Award for Social Entrepreneurship**" to recognise its social effects;
- launch a broad information campaign, by means of introducing an accessible, multilingual website that provides quick and easy information on social products and services for citizens.

Members again call on the Member States to consider the benefits of including principles of social business/social entrepreneurship and social responsibility in the content of teaching programmes of schools, universities and other educational institutions, and in life-long learning programmes, in order to help **develop social and civic competences**.

Lastly, Members supported the Commission proposal: i) to set up a multilingual, accessible and user-friendly online platform for social enterprises that should, inter alia, enable peer learning and the exchange of tried-and-tested models, foster the development of partnerships, facilitate information-sharing about access to funding and about training opportunities, and that should serve as a network for cross-border cooperation; and ii) to set up an expert group on social business (GECES).

Social Business Initiative - Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation

2012/2004(INI) - 20/11/2012 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution on Social Business Initiative – "Creating a favourable climate for social enterprise, key stakeholders in the social economy and innovation".

Parliament recalls that the social economy employs at least 11 million people in the EU and accounts for 6 % of the entire workforce or 10 % of all European enterprises (that is, 2 million enterprises). Activities within the social economy contribute, by their nature, to establishing a more cohesive, democratic and active society. They often face difficulties, like SMEs, in accessing finance in order to expand their activities.

For a definition of a social economy: welcoming the Commission Communications "Social Business Initiative" and "Towards a job-rich recovery", with recommendations to national governments on improving the framework conditions for social enterprises, Parliament considers it necessary to define "social enterprise". It means an undertaking, regardless of its legal form, which:

- 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, where the undertaking: i) provides services or goods to vulnerable, marginalised, disadvantaged or excluded persons, and/or ii) provides goods or services through a method of production, which embodies its social objective;
- uses its profits, first and foremost, to achieve its primary objectives instead of distributing profits, and has in place predefined procedures and rules for any circumstances which ensure that any such distribution of profits does not undermine its primary objectives; and

- is managed in an accountable and transparent way, in particular by involving workers, customers and/or stakeholders affected by its business activities.

Recommended actions for various types of enterprises: Parliament emphasises that activities carried out by volunteers in various sectors of the social economy – including young people starting their careers constitute an important contribution to economic growth, solidarity and social cohesion. It asks for **recognition and appropriate financial and structural support at local, national and European level** in view of the fact that most types of enterprises in the social economy are not recognised by a legal framework at European level and are only recognised at national level in some Member States.

To help this sector, the Commission and the Member States are invited to ensure:

- the promotion of a strategy and of measures promoting social entrepreneurship and innovative social enterprises, especially with regard to young and disadvantaged people, in order to ensure better and easier access for entrepreneurs, to EU and Member States' programmes and funding (for example, within the framework of the Erasmus For Young Entrepreneurs programme);
- support for initiatives at EU level to extend and strengthen the already advanced association sector;
- the speedy adoption of a **European statute for associations** to complement existing legal statutes at Member States' level and to facilitate cross-border activity of mutual societies;
- improved operating conditions for cooperatives, mutuals, associations and foundations, and thereby support the development of the social economy in general.

Parliament welcomes the Commission's proposal for a regulation on the Stature for a European foundation statute.

Enterprises fulfilling social objectives or achieving social impact: Parliament stresses that social enterprises are important provides of Services of General Interest (SSGI). They often stem from, or are closely linked to, civil society organisations, voluntary organisations and/or welfare associations providing person-oriented services and often find themselves between the traditional private and public sectors delivering public services, i.e., in the framework of public procurement. Parliament also considers that the notion of corporate social responsibility (CSR) should be viewed separately from that of the social economy and social enterprises, even though a strong interconnection can exist between the two.

Financial Perspectives – improving the legal and fiscal environment: Parliament believes that the European Union programme for social change and innovation for the period 2014-2020 with its microfinance and social entrepreneurship axis, contributes to the effort to guarantee better access to micro-credits for micro-enterprises in the social economy. Convinced that different financial instruments – such as the European Social Entrepreneurship Funds, the European Venture Capital Funds and the European Angels Funds (EAF) – are needed to improve access to financial markets for social enterprises, Parliament stresses the need to support social enterprises through **sufficient financial means at local, regional, national and EU level**, and points to the relevant funds under the Multiannual Financial Framework 2014-2020 (such as European Social Fund, the European Regional Development Fund, the Agricultural Fund for Rural Development, the Programme for Social Change and Innovation, the Programme for Research and Innovation, as well as Horizon 2020).

It explicitly asks for **support for innovative social enterprises**, in particular, those promoting quality employment and combating poverty and social exclusion. It is also necessary to simplify access to funding and to create conditions under which social enterprises can gain financial independence.

Benchmarking, support and promotion: Parliament demands that a **comparative study** be initiated by the Commission and carried out in cooperation with social enterprises, of the various national and regional legal frameworks throughout the EU, and their operating conditions and characteristics.

Emphasising that there is great variation among social enterprises in terms of form, size, business activity, economy and co-operation, Parliament considers it necessary to improve their competitiveness across the European Union.

It proposes that steps be taken to:

- encourage the creation of social innovation clusters with adequate incentives;
- develop a "**European social label**" **to be awarded to social enterprises** to ensure better access to public and socially innovative procurement without infringing any competition rules;
- improve the understanding of, and the knowledge about the social economy, and to improve its visibility, by supporting academic research, inter alia in the context of the 8th Framework Programme (Horizon),
- launch a regular activity report on social enterprises;
- establish a "**European Award for Social Entrepreneurship**" to recognise its social effects;
- launch a broad information campaign, by means of introducing an accessible, multilingual website that provides quick and easy information on social products and services for citizens.

Parliament again calls on the Member States to consider the benefits of including principles of social business/social entrepreneurship and social responsibility in the content of teaching programmes of schools, universities and other educational institutions, and in life-long learning programmes, in order to help **develop social and civic competences**.

Lastly, Parliament supports the Commission proposal: i) to set up a **multilingual, accessible and user-friendly online platform** for social enterprises that should, *inter alia*, enable peer learning and the exchange of tried-and-tested models, foster the development of partnerships, facilitate information-sharing about access to funding and about training opportunities, and that should serve as a network for cross-border cooperation; and ii) to set up an expert group on social business (GECES).

It should be noted that an alternative motion for resolution tabled by the GUE/NGL Group was rejected in plenary.

Social Business Initiative - Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation

2012/2004(INI) - 25/10/2011 - Non-legislative basic document

PURPOSE: to present a short-term action plan to support the development of social enterprises and to prompt a debate on the avenues to be explored in the medium/long term.

BACKGROUND: in order to promote a 'highly competitive social market economy', the Commission has placed the social economy and social innovation at the heart of its concerns, in terms of both territorial cohesion and the search for new solutions to societal problems, in particular the fight against poverty and exclusion, under the Europe 2020 strategy, the flagship initiative 'The Innovation Union', the European Platform against Poverty and Social Exclusion and the 'Single Market Act' (SMA).

A social enterprise is an **operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders**. The Commission uses the term 'social enterprise' to cover the following types of business:

- those for which the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation;
- those where profits are mainly reinvested with a view to achieving this social objective;
- and where the method of organisation or ownership system reflects their mission using democratic or participatory principles or focusing on social justice.

The social economy employs **over 11 million people in the EU, accounting for 6 % of total employment**. It covers bodies with a specific legal status (cooperatives, foundations, associations, mutual societies), many of which are also social enterprises in terms of the characteristics referred to above, as well as social enterprises in the form of an ordinary private or public limited company.

A 2009 study assessed the share of the population involved in social entrepreneurship as 4.1% in Belgium, 7.5 % in Finland, 3.1 % in France, 3.3 % in Italy, 5.4 % in Slovenia and 5.7 % in the United Kingdom. Approximately one in four businesses founded in Europe would therefore be a social enterprise.

The growth and distribution potential of the social enterprise model in the internal market has still not been explored in full and is coming up against obstacles identified by several reports: (i) difficulty finding **funding**; (ii) **low degree of recognition** of social entrepreneurship; (iii) the **regulatory environment** at European and national level does not always take sufficient account of the specific characteristics of social enterprises, in particular with regard to the rules on public procurement or existing statutes.

The Commission seeks to support the development of social enterprises and to learn from their experiences in support of the whole of the economy. In its approach to this varied sector, the Commission does not seek to provide a standard definition which would apply to everyone and lead to a regulatory straitjacket.
It offers a description based on principles shared by the majority of the Member States, while respecting their diversity of political, economic and social choices and the capacity for innovation of social entrepreneurs. The various characteristics of social enterprises mean that, for the most part, they exhibit an especially high level of social and environmental responsibility. The social business initiative supplements the Communication of the Commission on Corporate Social Responsibility (CSR).

CONTENT: to enable social enterprises to use their full potential, the Commission proposes an action plan in general support of social innovation to help create a favourable climate, in close partnership with stakeholders in the sector and the Member States.

The Commission focuses on the main actions as well as other ideas for discussion.

(A) AN ACTION PLAN TO SUPPORT SOCIAL ENTREPRENEURSHIP IN EUROPE: the Commission therefore proposes **eleven key actions, broken down into three axes** to be launched before the end of 2012.

(1) Improving access to funding

- to propose a **European regulatory framework for social investment funds** before the end of 2011 to facilitate access to the financial markets for social enterprises;
- in addition to continuing to ease access to micro-credits through the Progress Microfinance Facility, to improve analysis, promotion and development of the legal and institutional environment for micro-credits;
- the Commission has proposed that a **€90-million European financial instrument** be set up to facilitate access to funding for start-up, development and expansion of social enterprises by way of investment in solidarity investment funds, which provide own-capital and debt-financing instruments, under the European Union Programme for Social Change and Social Innovation;
- the Commission has proposed that an **investment priority for 'social enterprises'** be expressly introduced in the ERDF and ESF regulations from 2014.

(2) Increasing the visibility of social entrepreneurship

- to identify **best practices** and replicable models by developing a comprehensive map of social enterprises in Europe, specifying their characteristics, their business model, economic weight, cross-border growth potential, applicable rules and criteria for legal statuses and for specific tax regimes, as well as existing labelling systems;

- to create a **public database** of labels and certifications applicable to social enterprises in Europe to improve visibility and comparison;
- to promote mutual learning and capacity building of national and regional administrations;
- to create a **single, multilingual electronic data and exchange platform**, associated, where appropriate, with the Social Innovation Europe Platform and the 'Enterprise Europe Network' for social entrepreneurs, incubators and clusters, social investors and people working with them;
- to promote and **increase accessibility of Community programmes** in support of social entrepreneurs.

(3) Improving the legal environment

- developing **appropriate European legal forms** which could be used in European social entrepreneurship: (i) present a proposal on the simplification of the regulation on the Statute for a European Cooperative Society in order to reinforce its independence in relation to national laws and to make it easier to create social cooperatives; (ii) propose a regulation for a European foundation statute, in order to facilitate foundations' cross-border activities. This would exist alongside national legal forms and would be optional; (iii) to initiate a study on the situation of mutual societies in all Member States in order to examine their cross-border activities in particular;
- in the context of **public procurement**, to further enhance the element of quality in awarding contracts in the context of the reform of public procurement especially in the case of social and health services, and to study ways in which the working conditions of persons involved in production of goods and services under the contract could be taken into account;
- to simplify the implementation of rules concerning **State aid** to social and local services.

(B) OTHER IDEAS FOR DISCUSSION – MEDIUM/LONG TERM: in addition to the priority actions listed above, the Commission proposes the following topics for discussion where the details and methods involved need to be looked at more closely, in particular:

- creating a network and enabling the experience of **banks**, often public or semi-public and dedicated partly or fully to funding social entrepreneurship, to be shared, thereby restoring dormant funds to the economy (e.g. bank accounts of deceased persons that have not been closed);
- developing **access to venture capital for social enterprises**, in accordance with its proposal concerning the European framework for venture capital funds;
- promoting social entrepreneurship among **older people**, in the context of the European Year for Active Ageing in 2012 (career change or development of volunteering among retired persons);
- promoting **research** concerning the features and socio-economic impact of social entrepreneurship and, in particular, financing national projects to set up satellite accounts so that social enterprises appear in national accounting systems;
- examining the possibility of increasing and **including new aid categories;**
- during the review of the General Block Exemption Regulation, which is applicable until 31 December 2013;
- developing best-practice sharing between Member States concerning the **adaptation of national tax regimes** for the benefit of social enterprises and ethical investment;
- developing best-practice sharing between Member States regarding the **use of capital accumulated in social enterprises** and, in particular 'asset locks' in order to enable this capital either to stay in the business or be released for investment in other social enterprises;
- development and networking of **trading platforms** (stock exchanges) dedicated to social enterprises;
- the possibility for social enterprises generating profits to make use of **volunteers** and receive donations without a negative tax impact;
- the need for a possible **European statute for other forms of social enterprise** such as non profit-making associations and/or a possible common European statute for social enterprises.

The Commission, for its part, shall: (a) implement its initiatives in partnership with the Member States, in accordance with the principle of subsidiarity and taking into account issues of social and economic cohesion at local, regional and national level; (b) set up a consultative **multi-stakeholder group on social business** to examine the progress of the measures envisaged in this Communication.