



European Commission

Directorate General Employment, Social Affairs and Inclusion (EMPL)
Directorate General Enterprise and Industry (ENTR)
Directorate General Internal Market and Services (MARKT)



**Groupe d'experts de la Commission
sur l'entrepreneuriat social
(GECES)**



**3rd meeting – Thursday 06 June 2013
Charlemagne building, rue de la Loi 170, Brussels / Meeting Room Mansholt**

MINUTES

Adoption of the [agenda of the meeting](#) (joint effort of SBI team and GECES) and of the minutes [of 2nd meeting on 27 November 2012](#).

During the meeting, the following documents were distributed to participants:

- [European Commission – DG EMPL - Social Economy and Social Entrepreneurship – Social Europe Guide Volume 4](#)¹
- [INTERREG IVC – PASE - Public Policies and Social Enterprises – a catalogue of good practices](#)²
- [European Commission – OECD - Policy Brief on Social Entrepreneurship – Entrepreneurial Activities in Europe](#)³

Welcoming remarks by Axel de Martène (member of the cabinet of Michel Barnier, European Commissioner, Internal Market & Services)

Axel de Martène thanked the Commission (COM) colleagues for their good work. He recognised that this year is/will be very challenging and encouraged therefore to accelerate, to look ahead and to deliver.

He stressed that President Barroso, Vice-President Tajani and Commissioners Andor and Barnier continue to give their full support to the [follow up of the Social Business Initiative](#) (SBI)⁴. Axel de Martène noticed that there is progress on all key actions of the SBI. He underlined that the meeting is a good opportunity to listen to the experts on the achievements in Europe, to exchange ideas on new initiatives and to get as much visibility as possible.

¹ <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7523>

² http://www.pase-project.eu/cms/index.php?option=com_content&view=article&id=4&Itemid=7

³ <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7552>

⁴ http://ec.europa.eu/internal_market/social_business/index_en.htm

The SBI: state of play at the European Commission's level

COM presented the [state of play](#)⁵ of the follow-up of the SBI.

- 2 legislative proposals regarding access to funding: European Venture Capital Funds (EuVECA) and European Social Entrepreneurship Funds (EuSEF). James Hopegood explained EuVECA:
 - EuVECA go live on 22 July 2013 at the same time as EuSEFs.
 - The purpose of EuVECA is to improve SMEs' access to finance. Encouraging SME growth is central to EU policymaking and this initiative is precisely targeted at the part of the SME market that is suffering most in current market conditions – unlisted SMEs.
 - EuVECA gives an EU passport to venture capital funds which can be marketed across the Union. The minimum investment is €100,000 to underline the extra risk that venture capital brings with it.
 - EuVECA is designed to tap into what in the EU is the under-developed market in venture capital and increase the amount of non-bank finance available to SMEs across the EU.
 - The US venture capital market raises five times the amount the EU one does each year. We see great potential for this market.
 - The challenge to make EuVECA work now shifts from COM to firms, Member States (MS) and associated interest groups such as many of the people here today to make it work.
 - But that does not mean COM has backed away. COM will monitor the development of the market in dialogue with ESMA and consider what changes, if any, might be needed when EuVECA are reviewed in four years' time.
- Developing Social Innovation Europe Platform: since March 2011, the platform aims at federating the social innovation community in Europe and at facilitating exchange of experiences, in a collaborative format. The present pilot is extended until May 2014 and a more ambitious phase is expected to be funded under the Framework Programme for Research and Innovation (Horizon 2020) afterwards. GECES members are invited to register on the [platform](#)⁶ and share information on events, studies and articles.

A GECES member asked for documents on EuVECA. COM explained that EuVECA was published and available in the Official Journal and referred also to [the COM's website](#)⁷.

A GECES member wanted to know whether there will be level 2. COM answered that there is an empowerment in the Regulation but that COM will wait to see what GECES produces on social impact measurement before any decision is made.

A GECES member was concerned about the issue of investment in non-EU social businesses and that it will prevent EuSEF investing in social businesses outside the EU. COM is aware of the issue. It was a decision of the co-legislators. There will be a review in four years. But in the end we are where we are and we have EuSEF.

⁵ http://ec.europa.eu/internal_market/social_business/docs/expert-group/20130606-follow-up_en.pdf

⁶ <https://webgate.ec.europa.eu/socialinnovationeurope>

⁷ http://ec.europa.eu/internal_market/investment/venture_capital/index_en.htm

- Action 8: Asset Locks

Based on the results of the study on the current situation of mutual societies in Europe, COM presented [a note](#)⁸ on the existent rules from the MS meant to prevent changes that would weaken the asset lock provision of mutual societies. According to the findings of this study, principally, reserves are used for the benefit of the members. This is necessary in insurance businesses in order to maintain the solvency margins, to invest in improving the services and /or to reduce next year premiums. In total, 5 out of 38 legal forms in the European countries have a legal system, which assures that the remaining assets will have to be distributed to similar (not-for-profit) types of organisations. For the others, the remaining assets will be distributed to the (current) policyholders/ members unless, in some cases, the Statutes (articles of association) of the organisation state otherwise. Finally, there are countries that do not deal with the issue in the legislation and hence the distribution of assets in case of dissolution is subject to the Statutes of the organisation. Concerning demutualisation due to a lack of asset protection systems, no evidence was found that asset protection system really prevent demutualisation from happening.

COM asked GECES members to check whether the findings of the study are in line with the situation in their own country and to express their opinion regarding the need for a study on asset locks for social businesses.

- Action 10: (Key action 5 SBI) Mapping of social enterprises' sector; business models, economic weight, tax regimes, identification of best practices

The call for tenders (in the framework of the Multiple Framework Contract DG EMPL/A3 Lot 1 -"Provision of evaluation and evaluation related services in the field of employment") was launched on 14 February 2013. ICF-GHK won the tender, the service order was signed on 18 April 2013 and the mapping should be completed by 17 April 2014.

A member asked for a work plan regarding the mapping of social enterprises' sector; business models, economic, weight, tax regimes, identification of best practices: DG EMPL (Ciprian Alionescu), will circulate email with more details.

- Action 16: Statistics on Satellite Accounts

The five contracts for the provision of grants to statistical offices of BG, EE, LT, RO and RS have been signed and the work started in the end of April 2013 and will be completed within 14 months (June 2014).

- Action 20: Study on the situation of mutual societies and their cross-border activities

[The consultation on mutual societies](#)⁹ ends on 14 June 2013. On the basis of its results, COM will decide the next steps as far as the proposal for a Statute for a European Mutual Society is concerned. GECES members were encouraged to spread the word regarding the consultation in order to gather better input for a potential policy in this area.

The question concerning the lack of representatives from the mutuality sector was raised again. Another member asked to find practical solutions regarding mutual societies and proposed to organise a hearing with them. COM undertook to discuss the issue within the interservice group (SBI steering group). The French representative pointed out that FR is in favour of a European statute for mutual societies.

⁸ http://ec.europa.eu/internal_market/social_business/docs/expert-group/20130606-note-assets-locked_en.pdf

⁹ http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/social-economy/mutuals/public-consultation/index_en.htm

- A GECES member suggested having a larger debate on public procurement: on proposal directive on public procurement (Art. 17) and how to use public procurement as good as possible.

Session II / Chair EMPL (Marco Fantini)

Sub-group "Methodology for measurement of social impact of social enterprises"

Lisa Hehenberger, member of GECES, gave a [*presentation*](#)¹⁰ on the activity of the GECES expert sub-group on social impact measurement. The sub-group was set up in late 2012 in order to provide recommendations to COM. This is especially needed for the new Programme for Employment and Social Innovation (EaSI), new name for the PSCI -Programme for Social Change and Innovation), where approximately €90 M will be invested in social enterprises that aim to achieve measurable social impact and for the EuSEFs (European Social Entrepreneurship Funds) where fund managers need guidance to decide whether to invest in social enterprises and how to monitor and report on investments.

The mandate is thus to develop an approach for measuring and demonstrating the positive social impact of social enterprises' activity (and also how EuSEF managers can measure and report), ideally by the end of 2013.

So far the sub-group held four one-day meetings: 26 November 2012 (mostly organizational), 1 March 2013, 19 April 2013 and 5 June 2013.

In the second meeting, the sub-group reviewed practice examples and approaches in various MS and after it split into four themes for smaller groups to consider:

- 2.1: explored the perspective of investors (including investing funds)
- 2.2: explored the perspective of investees (social enterprises)
- 2.3: focused on the scope of guidance required from the group (planning the reporting)
- 2.4: worked on scrutiny aspects of the guidance: how this fits into the overall output?

At the third meeting, themes 2.1 to 2.3 reported back and an overall direction was established for the group's view (common grounds).

Before the fourth meeting a [*progress report*](#)¹¹ was presented (also sent to GECES participants). Writing of the final report will happen between now and November 2013, with three more meetings before then.

The sub-group raised several concerns in seeking a standard approach. No single methodology can provide a satisfactory answer in all cases due to at least the following factors:

- The variety of social outcomes sought is too great;
- Quantitative indicators alone cannot capture all relevant detail;

¹⁰ http://ec.europa.eu/internal_market/social_business/docs/expert-group/20130606-sub_en.pptx

¹¹ http://ec.europa.eu/internal_market/social_business/docs/expert-group/social_impact/20130605-geces-subgroup-progress-report_en.pdf

- Proportionality must be maintained: small social enterprises must not be overburdened with measurement for little real gain;
- There is a need for a trade-off between comparability and relevance of measurement (if social enterprises do not define their own indicators, it is unlikely that they will be relevant for use as a management tool);
- Social impact measurement is continuing quickly to change and develop, so any solution needs to be capable of movement and improvement.

Therefore, a top-down solution is likely to be counter-productive. An appropriate solution should reflect the needs of the social enterprises and the funders supporting it.

The group agreed on several general principles that are seen as the common ground between various approaches and methodologies. The main purpose of impact measurement (beyond regulatory requirements) is to enable social enterprises and their funders to deliver greater social impact. This means that we need to respect the following:

- To leave the social enterprise in charge of identifying its objectives, stakeholders, mission-relevant outcomes, theory of change. Guidance must be given and funders should be prepared to provide necessary resources to make this happen.
- The social enterprise should select its own preferred (and mission/outcome-relevant) indicators. These may come from a preferred list of options. We should not prescribe specific indicators, but rather recommend a process of selecting relevant indicators.
- The social enterprises should be able to demonstrate that they have gone through a series of procedural steps for developing and validating their measurements – and this will be the basis of reporting.
- Continuous learning (to improve the social outcomes and the measurement process itself) is essential.

The sub-group realised during the work that there was a convergence on the main steps in the process of impact measurement, which can be summarised as follows:

- 1) Identifying the social impact sought;
- 2) Performing an analysis of key stakeholders – including identifying and engaging with stakeholders;
- 3) Defining the Theory of Change: a detailed analysis of and description of how and why the initiative can have an impact on stakeholders so that its objectives are achieved;
- 4) Measuring and reporting on inputs, outputs and outcomes – thereby:
- 5) Assessing the impact achieved – and verifying it
- 6) Using lessons learned from the impact measurement process to improve impacts and refining the process itself (making it highly iterative).

The final outputs that the group plans to deliver include at least a social impact measurement methodology for EuSEF and EaSI that includes process steps with minimum characteristics (and maybe possibility to include proportionality?). The information that should be reported by social enterprises and EuSEFs for these purposes will involve the elements of the process and how to communicate on those. It will likely be in the form of statements of what constitutes good standards (rather than prescriptive).

The sub-group is also putting together guidance and practical examples including:

- The relevant databases of indicators that have been developed by various bodies within and across MS;

- Specific examples of measurement protocols emerging within social investors and investment funds;
- Formats for presenting measurement to key stakeholders.

In the Q&A session, a few GECES members requested the option to become more involved in the sub-group work and COM responded positively. The possibility of involving ESMA was also evoked. The following stage of defining the indicators was felt by a GECES member to be a crucial one. Answering, COM indicated that the choice of the sub-group is exactly not to define narrow indicators - the choice of indicators would be free, but not arbitrary (with clear guidelines for the process). Other GECES members hinted at the possibility to separate EaSSI from EuSEF and cautioned against the possibility of non-social enterprises jumping into the field in order to benefit from funds (which happened before with the green funds – the phenomenon of "green washing"). The rapporteur also re-assured GECES members (in answering a number of related questions) that the sub-group is looking at different levels (social enterprises and investors' levels) and is open to any input and possibilities to co-operate with specialists who work on the same issues.

Session III / Chair MARKT (Henrik Mørch)

Crowdfunding

Barbara Gabor, DG MARKT, spoke on [crowdfunding](#)¹², open calls through internet to the wider public to finance directly some new projects in forms of donations, rewards, pre-sales, profit sharing arrangements securities and lending. A [workshop](#)¹³ "Crowdfunding – Untapping its potential, reducing the risks" was held by COM on 03 June 2013 in Brussels, where crowdfunding platforms, their users, regulators and investor protection bodies discussed whether there is value added in European action on this field.

The speakers at the workshop agreed that protection of contributors is as important as facilitating the growth of this new form of finance, and proposed a number of alternatives to further explore: awareness raising, comparison of national practices, co-financing (EU funding matched with crowdfunding), further approximation of national laws. The workshop also highlighted that currently a significant part of the money collected through crowdfunding seems to go to social projects (an estimated 20 % of €735 M collected in Europe in 2012). The question was raised how to unleash the full potential of crowdfunding for social entrepreneurs.

The [minutes of the workshop](#) are available online¹⁴.

GECES is invited to give their views on how we can best promote crowdfunding and minimize the risks.

A GECES member wanted to know whether there are any statistics on crowdfunding for Europe. He thinks that links with partner investors should be developed and fostered. Do we need to set minimum standards to prevent fraud for example especially in view of the electronic nature of crowdfunding?

¹² http://ec.europa.eu/internal_market/finances/crowdfunding/

¹³ http://ec.europa.eu/internal_market/conferences/2013/0603-crowdfunding-workshop/index_en.htm

¹⁴ http://ec.europa.eu/internal_market/conferences/2013/0603-crowdfunding-workshop/docs/minutes_en.pdf

A member asked to include pre-ordering as a type of crowdfunding. Another member pointed out that FR would like to make crowdfunding a priority next year.

Barbara Gabor answered that prevention of fraud was of utmost importance. COM will explore alternatives on how to best achieve this. Pre-ordering is part of the categorization of crowdfunding types, but it should be kept in mind that these models evolve fast and therefore any definition or categorization should be flexible. COM welcomes information on national governments' planned approaches to crowdfunding.

Session IV / Chair EMPL (Ciprian Alionescu)

Cross border trading for social enterprises and organizations of the social economy

Michel Mercadié, member of GECES, presented the “Jardin de Cocagne” from Besançon (East France), an example of [*swarming \("essaimage"\) of social enterprises*](#)¹⁵, as opposed to company group ("groupement"). It started as a local social innovation initiative in 1992, in the form of a social integration enterprise (with 30 work stations, biological/collective market garden, participative consumption, etc). Jardin de Cocagne was from the beginning anchored in the local community, with a pedagogical dimension (schools) and a registered trademark.

In 2013, the “Cocagne Network” has 120 independent gardens, 4000 work stations, 700 managerial employees, 1500 unpaid volunteers, 20 000 households “consum-actors” and a model charter. Mr Mercadié further offered to give more information to those interested in this successful example of swarming, who was led by himself.

Jonathan Bland, member of GECES, [*presented*](#)¹⁶ possible ways to develop cross border relations and trade between social enterprises, which represents an untapped potential for jobs and growth. Joint ventures can help strengthen local development and growth, combine experience and capacity of larger established social enterprises with local needs and effectively exchange knowledge and skills. They can play an important role in developing social enterprise and social economy in places where it is less strong.

The regulators should tackle barriers to initiating such relations. For instance, COM could fund some pilot actions to support the development of cross border relations (e.g. study visits, trade exchanges, new specialist networks, etc.). It would be good to use un-spent PROGRESS and other funds. Such support could be blended in actions to support Greece's social economy sector. Mr Bland also offered some feedback from the [*E3M conference in Kettering in March 2013*](#)¹⁷ and further advice to COM to help the development of the sector.

Session V / Chair ENTR (Apostolos Ioakimidis)

Creativity in Social economy (use of dormant patent)

Hans Reitz, member of GECES, gave a presentation¹⁸ on the meaning of used/unused patents for social business.

¹⁵http://ec.europa.eu/internal_market/social_business/docs/expert-group/20130522_mercadie-swarming_en.pdf

¹⁶ http://ec.europa.eu/internal_market/social_business/expert-group/index_en.htm

¹⁷ http://socialbusinessint.com/wp-content/uploads/E3M_prog51.pdf

¹⁸ http://ec.europa.eu/internal_market/social_business/docs/expert-group/contributions/130618-reitz_en.pdf

Mr. Reitz praised the progress done in the field of social entrepreneurship since 2010 and pinpointed the importance of creativity for the development of the sector. According to the OECD, around 35 % of the existing patents are not used, though they are registered and protected. In addition, a significant part of these unused patents are blocking patents, used strategically by companies to deter entry by competitors (e.g. 23 % in the UK). The rest of the unused patents, called sleeping patents, are simply left unexploited by the owner and represent a capital of considerable value, which puts into question the utility of additional investments aimed at creating new patents. In Hungary, approx. 27.4 % of the registered patents are sleeping. More than 40 % of the patents used by large firms are not used, while small companies register less than 20 % of unused patents.

Investigating the reasons for this situation could produce useful information on potential ways of using this intellectual property for social businesses. According to an OECD survey 2003 - 2005, almost 5 % of all companies in the EU are based on patents and the IT sector is one of the largest markets of patents. In Germany, the increase in patents/R&D is driven mostly by genuine increases in innovation productivity rather than strategic patenting. In addition, while chemical-based industries have higher average patent values, ICT and electronics have sizable aggregate values. Mr. Reitz gave the example of an unused patent for mosquito nets given to Grameen that is not used in Bangladesh, generating a high social impact.

Finally, the speaker proposed the creation of a social business patent foundation or patent fund and suggested that it should be linked to the certification of social businesses.

Session VI / Chair EMPL (Marco Fantini)

National cases focussing on structural funds for social entrepreneurs (2014 – 2020)

Until now, the potential contribution by the Structural Funds for the development of social entrepreneurship has not been fully used. For instance, experience has shown that stakeholders involved in the implementation of the European Social Fund (ESF) in the MS are not always fully aware of the ways in which it can be used to support the development of social entrepreneurship. For this reason, COM proposal for the ESF regulation 2014 - 2020 contains an investment priority specifically dedicated to "Promoting the social economy and social enterprises". This is one of the key qualitative innovations of the next Multiannual Financial Framework (MFF). In addition, COM has foreseen technical assistance to make ESF Managing Authorities better aware and equipped to provide support to the social economy. MS representatives have been asked to send before the meeting a short state of play of provision of use of structural funds (ESF and ERDF) in their country after 2014.

Jonathan Bland [*presented*](#)¹⁹ some further lessons from the March 2013 Kettering conference (based on examples from UK and Poland), recommending specific ways of using ESF and ERDF to promote social economy and social enterprises, but also raising concerns in terms of funds really reaching where they are most needed. He called for more capacity-building activities and leadership from COM in pushing MS to include social entrepreneurship in the ESF Operational Programmes for 2014-2020.

¹⁹ http://ec.europa.eu/internal_market/social_business/expert-group/index_en.htm

Victoria Sotiriadou and Ioannis Nasioulas presented the situation in [Greece](#)²⁰. Key Recommendations of the Steering Technical Committee on Social Economy and Social Entrepreneurship (January 2013) regarding the aim of the Strategy and Action Plan were:

- to identify priority national and regional pilot actions with social entrepreneurs and committed stakeholders;
- to activate and nurture an enabling ecosystem for the social economy;
- to mitigate the negative social effects of the crisis;
- to build capacities for social economy development as a pivotal element of structural economic and social change in Greece.

Therefore, the National Strategic Plan for Social Entrepreneurship, published in February 2013 (into public deliberation until 15/03/2013), based also on recommendations by an independent Steering Committee and negotiation with COM, envisages 3 main lines of action:

- establishment of a Central (and a number of Regional) Support Mechanisms, along with a Social Economy Observatory;
- direct subsidies towards Social Cooperative Enterprises established under Law 4019/2011 (pre start-up and start-up grants);
- development of financing tools and preparatory actions for the establishment of a micro-credit organization.

A call for proposals “on the establishment and operation of a Central Support Mechanism for the development and promotion of Social Cooperative Enterprises and Social Economy initiatives in general” (co-funded by the ESF, with a budget of €750.000) has been launched and will be completed by September 2015. This Central Support Mechanism will have a scientific, consulting and training role. A lot of other local initiatives are in place.

Rajae Chatt presented the Belgian case. In the Operational Programme, special attention was given to social enterprises. A particular case of successful Franco-Belgian trans boarder co-operation was brought to the attention of GECES members, together with a brochure detailing this case.

In the Q&A session, a few GECES members expressed approval or disapproval with the papers presented by their MS regarding the current [state of play of prevision of use of structural funds \(ESF and ERDF\)](#)²¹ in their country after 2014. The need for governments in the MS to dialogue with representatives of the Social Entrepreneurship sector was highlighted, as well as the need for more information on the on-going negotiations. While the potential for structural funds to support social entrepreneurship is theoretically great, in practice there is a lack of knowledge at local/regional level about it (according to one GECES member).

²⁰ http://ec.europa.eu/internal_market/social_business/expert-group/index_en.htm

²¹ http://ec.europa.eu/internal_market/social_business/docs/expert-group/contributions/130606_structural-funds_en.pdf

Session VII / Chair EMPL (Marco Fantini)

Preparation Event 16 - 17 January 2014 Strasbourg: organisational aspects



Dominika Nowak (DG HR) from the organising team presented the state of preparation and remaining questions on the organisation of the Strasbourg event, 16 - 17 January 2014. The event is organised to take stock of the SBI impact and developments of social economy in Europe and identify future priorities for action where the EU could add value.

An immediate exchange around remaining question followed, including: the need to work more on the benefit of the event to social entrepreneurs and innovators, the question of how to ensure large representation of social entrepreneurs, the question of choice of cities for preparatory events involving young people, the nature and meaning of the "Strasbourg declaration" foreseen, the link to the local/regional dimension.

The EESC representative gave a brief outline on their commitment in the Strasbourg event (30 members will participate).

Session VIII / Chair MARKT (Henrik Mørch)

EU Policy developments

This session started with a deeper exchange related to the Strasbourg event around: what inspires you in this event? What concerns you? What ideas for input?

A round of discussion took place in plenary and more contributions were collected in written. Some insights from the discussion:

- the need to invite more of European inspirational speakers
- the need for clear benefit for social entrepreneurs to participate
- how to create an engagement process around the choice of the pilot project cities?
- the idea of organising side events at the same moment - maybe EU representations could play an active role
- effective use of new technologies and social media before and during the event
- make a one-page document about the event to be disseminated through the GECES and other useful means

COM explained that due to restricted budget the pilot projects will take place in 3 cities only and not as proposed in 27. However, more cities could be involved, notably in the framework of the "Strasbourg Club" cities.

The event is limited to 2.000/2.900 participants to have a balanced representation. The surrounding events are more flexible but we are waiting for feed-back from the city of Strasbourg. Regarding the questions about the costs the Commission stressed that this event will be free of charge.

On the idea to invite all European "Social Economy" Ministers COM stated that a MS could organise a gathering at ministerial level, maybe linked to the Strasbourg event. COM will share new information they will get on this subject.

In reply to a question from a member COM said that social entrepreneurs will be involved in the Strasbourg event.

COM thanked participants for their input which will be reflected on. It was pointed out that there are limits regarding budget issues what COM can deliver but that there are no limits on the willingness and interest.

COM reminded GECES that the SBI policy is young. Next year there will be a change of guard in COM. Therefore indications are necessary on which future policies need to be carried forward to the new Commission, and also to be discussed during the EP campaign throughout the EU.

Strasbourg is an opportunity for social entrepreneurs to meet, to question, to propose solutions within a platform as broad as possible. Finally we should deliver a declaration in view of the new Commission to enforce our policies. COM understands that especially young people need online environment to prepare event. During the event Twitter and web streaming will be available.

Marco Fantini explained about stands at the Strasbourg event in January 2014. COM will cover costs for 60 stands for small social enterprises, which otherwise will not have enough money to rent one (Price is 68 €/ m², multiple of 3 m², with a minimum of 6 m²). Christian Dopheide and Jan Olsson will chair a selection panel with 15 other GECES members who expressed their wish to advise COM to select the 60 companies. As a meeting is not possible due to time constraints selections criteria will be agreed via email. The members agreed to proceed like this.

Henrik Mørch pointed out that the Strasbourg event's workshops are an important element. GECES should give advice during this meeting to reach a shorter list of workshops (around 15). COM will then list 10/15 themes to be proposed to future participants on registration (end June/beginning July), in order to flag max 3 workshops by participant. GECES were asked beforehand electronically and on the spot by paper to express their choices for workshops. In autumn, the space in the Convention centre will be distributed. Henrik Mørch reassured participants that European speakers are foreseen as well.

A GECES member was worried that 10 – 15 working groups for 2.000 people would not be makeable as this means 200 people per workshop. COM explained that not all 2.000 people will attend at the same time the workshops but that there are several activities in parallel and consecutive.

One GECES member was not happy with the title of the workshop on "External dimension of social entrepreneurship". He proposed to call it "Social Entrepreneurship in the world". COM took note. Another member asked to emphasise more social enterprises and *accelerators* instead of *incubators* in a title of a workshop. COM will reflect upon this request.

A GECES member thought the theme "External dimension of social entrepreneurship" is of great importance also outside Europe. COM pointed out that EEAS (European External Action Service) could participate in the Strasbourg event as well and they take interest in the subject. COM questioned where the focus should lie on, on European neighbours? On Africa? The member replied not to include every country but not only the macro European region

either. IT showed interest in this theme. Another member supports also the idea and thinks that the EU should put more emphasis on social entrepreneurship outside Europe.

Henrik Mørch gave the floor to a GECES member to speak on one of the possible themes, "Social innovation and systemic change". He noted that access to finance received a lot of attention. Therefore he wanted to highlight points that are important to develop social enterprises. He proposed Montpellier as one of the cities for a pilot project, as it has all it needs for social enterprises (social incubator, access to services like training, legal advice etc.).

Another GECES member is of the opinion that access to finance is important for social enterprises depending on the life cycle of the company. He thinks that in-between the beginning and establishment of a company is a funding desert that should not be neglected.

Alberto Durán gave background information on "Social Policy Investment and Social Entrepreneurship", a workshop that ONCE would like to set up with DG EMPL. He supports the fight against social exclusion. He would like to set up a transnational network for these needs. He would also be interested to set up a stand on innovative technologies which help disabled people to live a better life and is looking forward to cooperate with DG EMPL in this respect. DG EMPL welcomed the offer to talk about the idea.

A GECES member was not sure about where we stand on the agenda. COM pointed out that 10/15 themes for the workshops had to be identified. The current presentations from GECES members on possible workshops were done at their request and accepted in view of COM's participatory spirit.

Bruno Roelants and Giuseppe Guerini gave a background presentation on "[Corporate governance models of the social economy](#)"²². The workshop highlights the relationship between the enterprise's internal governance and the delivery of services of general interest and/or stable employment of disadvantaged groups. In reply to the question of a member on how to elaborate the theme in the workshop it was pointed out that it all depends on the structure of the Strasbourg event.

Nicolas Hazard spoke about a small initiative, [the Social good lab](#)²³: in FR innovation is financed through Information technology and if you are not connected you will not have any finance. This is an incubator for geeks. He sees the need to build bridges with other sectors for ex. new technologies, science, research to make them aware of social entrepreneurship and to get their interest.

A member saw a need to push more the regional and local dimension.

Session IX / Chair EMPL (Marco Fantini)

Format of next GECES meetings

Marco Fantini opened the session inviting the participants to express their ideas regarding the future of the GECES meetings. He recalled the GECES mandate and its purpose – to advise COM in implementing the 11 key actions of the SBI. Until now, there were some criticisms about the sessions having too much information from COM and the need to have them being

²² http://ec.europa.eu/internal_market/social_business/docs/expert-group/20130606-guerini-roelants_en.pdf

²³ http://ec.europa.eu/internal_market/social_business/docs/expert-group/contributions/130606_nicolas-hazard_en.pptx

more interactive, but this is already about to change (many participants mentioned they liked the current session more than the previous ones).

There were many ideas about the format of future GECES meetings (e.g. to have a second room for a workshop running in parallel with the main one; to have fewer sessions for future meetings, in order to allocate more time for in-depth debate; to have some discussants for each presenter, etc.). The need for GECES members to work between sessions was also expressed by a number of speakers (e.g. COM to announce a theme and then GECES members who are interested to work together to present an internal document at the next meeting). This would enable having more targeted advice from GECES members to COM as well. Further reflection will follow.

Henrik Mørch underlined that the immediate priority for the GECES would be the preparation and active participation in the Strasbourg 2014 event.

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Workshop: access to finance

At the last GECES meeting, following COM's question regarding the need for a study on the different options for cooperation between public authorities and social businesses, the members and the EESC pinpointed the need for a listing of funding mechanisms for social enterprises. COM announced that a specific sub group on methods and financing instruments for social enterprises is unfeasible at this point due to budget constraints. Nevertheless, a [note](#)²⁴ on various funding methods for social enterprises, both public and private, was circulated to the members of the group for comments and feedback, but no member expressed in written before the meeting. The aim of the note was to list some of the instruments dedicated to financing of social enterprises in a very succinct and non-exhaustive approach. COM proposed that GECES members send their feedback and complement the note with input on the situation of those financial instruments in their countries. Based on their contribution and on the results of the mapping study of COM, which will touch on this issue, COM will decide whether there is a need for such a study.

Presentation by DG EMPL (Andrea Maier) and MARKT (James Hopegood)

Mrs Maier presented the Programme for Social Change and Innovation (PSCI²⁵) and its three axes: 1) Progress, 2) EURES (mobility) and 3) Support for Social Entrepreneurship and Microfinance. COM's definition of social enterprises for the scope of this programme is primarily based on the **social mission** of the organization, and does not take into consideration its legal form (either company, foundation, association etc.). Some other important features of the organizations qualifying for the programme are that they operate in the market and make at least some profit, which then is not or at least to a little extent – distributed to the shareholders and owners, but rather used to fulfil the social mission. In addition, social enterprises need to be organised in a responsible and transparent way. The type of support offered include equity, quasi-equity, loans and grants of up to 500.000 € for social enterprises with turnover of max. 30 mil € not listed on the stock market.

Concerning the implementation of the programme, there will be a delegation agreement with a Financial Institution (EIF or other) that will implement the programme on behalf of COM. It

²⁴ http://ec.europa.eu/internal_market/social_business/docs/expert-group/20130606-note-financing_en.pdf

²⁵ Now called EaSI (Programme for Employment and Social Innovation)

will make available funding (e.g. through a fund in which other investors could invest as well), or guarantees to intermediaries (e.g. social investment funds) that, in turn, will provide funding to social enterprises. Alternatively, the investments in social enterprises could be made directly without intermediaries – this option was included because there are some investors that are not allowed to invest into a fund. COM's proposal for a budget directed to social enterprises amounts to 92.28 million euros, but MFF negotiations are still ongoing.

The financial instrument is designed in such a way that requires social enterprises to demonstrate their measurable social impact in order to be eligible for EU support. In order to be aware of the imperfections of the social investment market and in a clear synergy with the mapping study, COM committed a study on the analysis of these imperfections, whose results will be out in autumn. The main questions focus on: 1) Market imperfections and failures, 2) Most efficient mode of delivering financial instrument and 3) Performance measurement and maximisation of EU added value. The preliminary results show that there is an excessive focus on debt and a lack of a secondary market, a mismatch between sustainable and needed investment sizes, combined with mostly short-term funding and a lack of investment readiness from the part of social enterprises. The leverage effect, as well as the social impact generated and the profit distribution constraint need to be taken into consideration.

At the moment, the opinion of the European Parliament is expected in the 3rd quarter of 2013 (MFF negotiations need to be finalized before) and the adoption in the Council will follow. Once the MFF is agreed, COM can start the selection of the financial institution which will implement the programme on its behalf.

Mr Hopegood presented the situation of the EuSEF, which will be launched on 22 July 2013. EuSEF is a new and innovative approach to helping social enterprises get access to finance from investors who are likely to understand the different nature of social investing and measure profit in social and not merely economic [terms](#)²⁶. To recognise the specialist nature of EuSEF, a minimum investment of €100,000 was set. EuSEF will provide a European passport to funds sold in MS if those funds meet certain requirements in relation to the assets they hold and how they are run. COM expects EuSEF to grow 'from the ground up', the organisations which already work in this area taking the lead in developing EuSEFs.

These funds are a part of a wider EU initiative to increase the funding available to SMEs who often struggle to get access to finance. For instance, a parallel and complimentary European passport for EuVECA will take effect at the same time as EuSEF.

One of the practical challenges is the development of a social impact measurement tool that is sufficiently flexible to be meaningful when applied to a wide range of organisations carrying out often widely varying roles in the real economy. Nevertheless, flexibility will also need to take into account the need for such measures to be quantified. Many social enterprises may not be familiar with the kind of organisational and governance requirements needed to provide the information. Therefore, the challenge will be to keep it simple, flexible and un-bureaucratic. Managers of EuSEF may have a role in helping the businesses they invest in implement such systems.

National authorities must report information on the number of EuSEF registering with them to the European Securities and Markets Authority (ESMA) (since it's a regulation, it is directly applicable. MS do not need to transpose it into their national laws as it applies directly to

²⁶ The GECES sub-group is currently working on a proposal for a concrete tool meant at facilitating the measurement and reporting of the social impact created by social enterprises.

them). Moreover, COM is promoting EuSEF in MS through awareness-raising activities and public dialogue. COM and ESMA will be monitoring the development of the market. Finally, suggestions as to how EuSEFs might be improved are welcome.

Mr Hopegood's presentation raised a question regarding the limits on investments in non-EU social businesses. Since this is a decision of the co-legislators, the current rules apply. EuSEF will be reviewed in 2017.

Another point concerned the need for the successful social enterprises to generate high returns so as to cover for those failing and to ensure the investor's break-even point. COM explained that this is not a risk, because EuSEFs are dedicated only to people who put economic returns second (i.e.: profit distribution is also limited). If social ventures within a fund fail then there may be less or no return of capital but that is the deal the investor makes. EuSEFs do not contain capital guarantees, they are risk investments. This underlines the reason for the €100,000 minimum investment.

One of the questions addressed the necessity of having a supplementary action (level two) as far as indicators and methods of impact assessment are concerned. Mr Hopegood explained that although there is an empowerment, COM will wait to see what GECES produces on social impact measurement before any decision is made.

A member stressed the need to address the issue of structural funds and priming funds/seed capital, as well as the R&D financing, guarantees and crowdfunding. In addition, he recommended the creation of accompanying mechanisms to go along with the financing instruments in order to ensure an integrated support and increase the success chances. Promoter of the idea of creating a sub-group on financing, he accepted COM's argumentation concerning the difficulties of setting up such a sub-group, but insisted on the evident need for a more focused discussion on the topic and proposed the creation of a network that could also bring up the subject in Strasbourg 2014. Other members proposed to have a work stream on this topic rather than a sub-group. Those members interested in specific topics could work together via internet before each meeting and prepare short notes explaining the situation and offering suggestions and advise to COM. In addition, the need for capacity building for the authorities and technical assistance was brought up. Finally, the absence of social impact bonds from COM's note was mentioned and COM invited all the participants to help develop and build on the present draft.

A member congratulated COM as he sees progress with EuSEF. Another participant shared this view.

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Miscellaneous

Point not taken due to time constraints.

Closing speech – Massimo Baldinato (member of the cabinet of Antonio Tajani ,Vice-President of the European Commission, Industry & Entrepreneurship)

Mr Baldinato thanked the members for their contribution and invited them to submit their proposals for improving the way the group is organized in order to better meet their expectations. In addition, he conveyed Vice-President Tajani support for this expert group and announced the creation of a working group on cooperatives, aimed at assessing their needs in

specific key areas such as access to finance, education and awareness-raising on the cooperative model, internationalization and regulatory framework. Finally, he concluded by highlighting the necessity to join all our efforts for the massive event in Strasbourg in January 2014 in order to transmit the right dose of enthusiasm to EU policy-makers and to MS authorities and raise their awareness on the importance of social enterprises for their national economies and their competitiveness.

The next GECES' meetings will take place on Thursday 28 November 2013, and Tuesday 3 June 2014, in Brussels.

Brussels, July 2013

Minutes written by COM, and implicitly agreed by all attendees

(Agreement via exchange of emails between 10 July 2013 and 31 July 2013)