



EUROPEAN COMMISSION

Directorate-General for Internal Market, Industry, Entrepreneurship and SME's
Directorate-General for Employment, Social Affairs and Inclusion
Directorate-General for Financial Stability, Financial Services and Capital Markets Union

SBI Coordination

Brussels, 05 August 2015

GROW F2/PKL - JCM (2015)

INFORMATION NOTE

To all GECES participants (members, substitutes and observers)

1. Setting up a new working method.

From 2011 to 2014, during the **first phase** of the *Social Business Initiative (SBI)*, the Commission put social entrepreneurship and social enterprise issues high on the European agenda. The Commission consulted the GECES experts in order to receive strategic advices to develop, organise and implement the SBI roadmap.

The Commission's work on those issues is now moving into a **second phase** where it assesses the need for and viability of new and further initiatives, whilst continuing to ensure that measures set out in the SBI are implemented at Member States level.

As expressed by Commissioner Bieńkowska at the European Parliament on 14 April 2015¹, the Commission wishes now to adopt a more **bottom-up approach**, fostering the co-creation of further SBI-related work with other European Institutions, Member States and stakeholders.

The recent partial renewal² of the GECES offers a possibility to give that **new impulse**, implementing a true co-creative process that would lead to even more active participation, appropriation and commitment of our expert group, in line with their wishes and as expressed in the "Strasbourg Declaration".

2. Delivering new ideas for action.

The Commission intends to implement a working method that ensures co-creation. This working method to be discussed and endorsed by GECES members during the 7th meeting scheduled on **16 September 2015**, would consist in mandating the GECES to make recommendations of concrete actions. Those recommendations should be based on appropriate rationale and directed to all stakeholders, private and public, national and European ones.

¹ In ITRE Committee, Commissioner Bieńkowska stated that the first meeting of the renewed GECES will be dedicated to listen to experts who will express their "views about the future activities to be proposed to the Commission".

² http://ec.europa.eu/internal_market/social_business/expert-group/calls-2015_en.htm

The work should be carried out via dedicated working groups (WG) that would address the following concerns (see Annex I):

- **WG 1: "Improving access to funding"**
- **WG 2: "Increasing the visibility of social entrepreneurship"**
- **WG 3: "Improving the legal environment"**
- **WG 4: "Strengthening the External Dimension"**

Each WG would encompass about 20 participants (members and observers). It would be the responsibility of the Commission to form coherent groups taking into account, if possible, the wishes of each participant.

Each WG would be responsible to propose concrete actions in its own domain of responsibility. It would be led by one *rapporteur* proposed by the Commission and nominated during the 7th GECES meeting. The *rapporteurs'* tasks would consist in gathering ideas and proposals from their WG members, synthetizing them in the form of possible actions and ensuring agreement amongst the group.

A *Rapporteur Général*, to be proposed by the Commission and nominated during the 7th GECES meeting, would be mandated to integrate the contribution of each working group in a **report** and to ensure the balance and consistency of the proposals made. The *Rapporteur Général* would liaise on a continuous basis with the different rapporteurs during the course of the exercise.

Future GECES meetings would then comprise a plenary session and breakout sessions into WGs. The breakout sessions would allow the rapporteurs to debate with the group on the dedicated topic. During the 16 September meeting, the breakout session would serve to "form the different WGs" and draft their mandate.

All the draft contributions and the draft report would be discussed during GECES meetings in breakout sessions and in the plenary.

Please send us an email (GROW-SOCIAL-ENTERPRISE@ec.europa.eu) by 4th September submitting your preference for participating in the WGs in which you would like to be active. For Member States representatives, please note that the preference given by the member will also apply to the substitute.

The Commission SBI team

Annex I: Presentation of the Working groups

Annex II: Roadmap

ANNEX I

PRESENTATION OF THE WORKING GROUPS

The following overview explains the proposed working group themes and lists potential areas of activities that the Commission deems important for advancing the EU social entrepreneurship agenda. They could inspire the group members for the choice of the priorities that their working group might work on.

- **WG1 – "Improving access to funding"**

Access to public and private finance is one component of the full ecosystem needed for the development and growth of social enterprises.

On private funding, financial institutions still see social enterprises as risky companies and not professionally run. A dedicated financial ecosystem needs to be built in order for them to be fully competitive. Moreover, it is central to support the emergence of new hybrid and tailored instruments and to ensure that regulation enables the development of social enterprises. On EU public funding, Member States have to make the most of programmes that can be available for social entrepreneurs such as those co-financed the structural funds.

Possible areas of activities for the first Working Group (WG1) could therefore focus on how to:

1. Facilitating access to private funding:

- Reflect on how to further unlock the private investment market via new and developing funding tools;
- Stimulate the expansion of European social finance market (development of a secure framework for crowdfunding, philanthropy or donations);
- Explore ideas to improve the attractiveness of EuSEF;
- Consider whether there are any lessons to be drawn for Europe from the *Community Reinvestment Act* (USA) to create a strong link between financial sector and territories/Communities/social enterprises (possible link with the work carried out by DG REGIO on a European regional social progress index);
- Propose ways to develop investment readiness programs, guidance and training for social entrepreneurs in close cooperation with national and regional actors.

2. Mobilisation of EU and public funds:

- Examine ways to boost the right dynamism at MS level to fully use funds available under ESIF for social entrepreneurship projects;
- Suggest ideas to assure coherence between SBI approach of social enterprises and approaches applied by national and regional Managing Authorities;
- Gather best practices in using EU public funds for social entrepreneurship projects
- Propose ways to increase synergies between EFSI ("Juncker plan") and programmes such as Horizon 2020 (Research and Innovation), COSME (SMEs), ESIF or EaSI (Employment and Social Innovation) to stimulate the development of social enterprises;
- Review available financial instruments for social entrepreneurs from financial institutions in the EU and Member States and assess experience made with access to finance;
- Provide advice on further design of the EaSI financial instruments.

- **WG2 – "Increasing the visibility of social entrepreneurship"**

There is today a genuine interest in social enterprise and its visibility has risen in Europe. However, there is still lack of awareness, recognition and understanding of its models, its professionalism and value creation.

Building visibility and understanding of what social enterprise is and how it fits the various national contexts is an important priority for the Commission. Important measures have already taken place during the implementation of the SBI to foster trust and confidence in social enterprises but these measures need to be reinforced.

Key issues are the necessity to create tools to gain a better understanding of the sector and to increase the visibility of social entrepreneurship activities. Dedicated instruments to reinforce managerial capacities, professionalism and networking of social entrepreneurs are eventually essential to develop in order to make the SBI a success.

Possible areas of activities for the second Working Group (WG2) could therefore focus on how to:

- Strengthen knowledge sharing for impact measurement between stakeholders in a EU context;
- Make sure that the social entrepreneurship dimension is properly reflected in the development of a competence framework currently undertaken by the Commission (in particular for the key competence "sense of initiative and entrepreneurship");
- Make the most of Social Enterprise labels; the feasibility of a European label could be considered;
- Prioritise further research and reflect social enterprises better in national statistics collection increase its visibility;
- Encourage debate in Member States and feedback from stakeholders following the mapping exercise published in October 2014.
- Propose successful case studies to be incorporated in the *Compendium of best practices on social entrepreneurship* to be drafted and published by the OECD in the first semester 2016.

- **WG 3 – "Improving the legal environment"**

Creating a legal environment where social enterprises can grow, consolidate and thrive is required if we want to make them succeed in the internal market. Policy makers have to build a legal and regulatory framework to bring clarity as requested by investors looking for confidence in their financial decisions.

The Commission has already made a lot of progress in that field during the implementation of the SBI but much still need to be done.

This is particularly important for the current transposition in Member States of the recently adopted Public Procurements (social clauses and best social access of Social enterprises) where tools need to be created to help their implementation.

Another area of concern is the need to find alternatives solutions to the lack of adequate European legislation which refrain some social enterprises with a particular legal statute (foundations, mutuals) from exploiting fully internal market opportunities. Today, the Commission is rather hesitant to proceed further in the field of regulation as there is no

realistic possibility of the unanimous adoption needed in the Council. The Commission therefore rather intends to contact stakeholder organisations and assess together with them how, within existing EU legislation, to best address the challenges that they encounter when looking to operate cross-border.

Possible areas of activities for the third Working Group (WG3) could therefore focus on how to:

- Facilitate the transposition of the Public Procurement Directive 2014/24/EU and stimulate public procurement for innovation;
- Monitor, compare and report on models for "social enterprise friendly" transposition by the MS of the new public procurement directive;
- Improve the transnational working environment for social enterprises in the Internal Market;
- Use the mapping study results to share experiences and inspire other Member States to introduce legal frameworks;
- Identify alternative ways to unsuccessful or blocked regulatory approach to stimulate social economy enterprises (foundations, mutual, cooperatives or associations) in Europe.

- **WG4 – "Strengthening the External Dimension"**

SBI policy actions were first framed for the 28 Member States. Specific examples however show that the Commission was in a position to advocate, play a constructive role and progress positively toward diffusing EU strategies on social entrepreneurship development.

The European Commission successfully participated in the *Social Impact Investment Taskforce* established under the UK's presidency of the G8 which put social impact investment on the global stage. The *Belgrade Declaration*³, based on the principles of the *Strasbourg Declaration*⁴, invites policy makers of Western Balkans and Turkey to take the necessary steps which will contribute to the development of social economy as a relevant model for the socially sustainable development of the entire region.

On the development side, the EC Communication "*A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries*"⁵ sets out the future direction of EU policy and support for private sector development in partner countries. It introduces private sector engagement as a new dimension in EU development policy and cooperation. In that regards, social enterprises can be an instrument to boost employment creation, inclusiveness and poverty reduction.

It is therefore important to work to develop coherence/consistency between work carried out internally and externally by the EU (programmes and international working groups) and to promote the EU ecosystem for social enterprises as one of the most attractive and replicable in the world, while adapting this to the local context (for instance in the Western Balkans, the Neighbourhood region, ACP countries etc.). Possible areas of activities for the fourth Working Group (WG4) could therefore focus on how to:

³ <http://belgradedeclaration.net/>

⁴ http://ec.europa.eu/internal_market/conferences/2014/0116-social-entrepreneurs/index_en.htm

⁵ COM(2014)263

- Discuss the work that should be carried out to see what development could be done after the workshops in Skopje and the conference in Tirana in March 2014 on civil society/social enterprises in the Balkans;
- Propose approaches on how the European Commission could reinforce its cooperation with European and International Finance Institutions to promote social enterprises in partner countries outside the EU;
- Explore ways to bring expertise and new ideas for the follow up of the G8 work on social impact investment;
- Reflect on how the EU could diffuse internationally best practices concerning social enterprises policies in the field of "inclusive business" discussions under the G20;
- Provide an overview of existing networks and key actors in the EU in the field of social entrepreneurship and their capacity to transmit their know-how, skills and experience to local partners;
- Propose strategies on how to encourage European social enterprises and cooperatives to operate actively in developing countries by establishing for instance partnerships with their local counterparts in key sectors such as sustainable agriculture, social services, or sustainable energy;
- Propose strategies on how Europe could emphasize/support the role of social enterprises to be a key player in forthcoming Sustainable Development Goals.

ANNEX II ROADMAP

- **4th September 2015:** deadline for GECES members to submit preference for their participation in WGs.
- **16th September 2015:** 7th GECES meeting – agreement on working methods, formation of working groups and agreement on mandates.
- **24th November 2015:** 8th GECES meeting: first discussion on draft potential actions to be undertaken and advice on the next steps.
- **14th April 2016:** 9th GECES meeting: discussion on a draft report with recommendations
- **13th October 2016:** 10th GECES meeting: validation of the report with recommendations.