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In this contribution, ENSIE together with its members has tried to put together all the main concerns and requests for supporting the development and maintenance of the Work Integration Social Enterprises (WISEs) in the EU and the countries of the European neighbourhood.

WISEs are indeed crucial actors and contributors to a sustainable, inclusive and fair society which is needed for an adequate recovery from the current crisis. The results of the latest ENSIE's annual "[Impact WISEs study](#)" demonstrated that WISEs do have a positive social impact on disadvantaged people. An emblematic example is that, in 2019, among the 395 WISEs and 10 136 disadvantaged workers that took part in the study, 82% of disadvantaged workers found a job in the same WISE or another one or on the traditional labour market, became self-employed or started an education programme.

# 1. WISEs and legislative challenges

## 1.1. ENSIE calls for an EU Recommendation on the definition of social economy enterprises

ENSIE supports [Social Economy Europe's proposal](#) to introduce an EU recommendation<sup>1</sup> on the definition of social economy enterprises, which should include a specific definition for work integration social enterprises (WISEs).

ENSIE is in favour of building guidelines and standards for WISEs. The network suggests the development of recommendations built on successful integration models from different European countries.

Following feedbacks from its members, ENSIE identifies this EU recommendation as a fundamental point for boosting WISEs development across the EU, especially in countries that do not have national laws (such as Cyprus and Portugal). Hence, it is also an opportunity to expand the WISE model in Neighbourhood countries.

### Main guidelines for the EU recommendation concerning work integration social enterprises:

- a) WISEs are social enterprises and a subset of the social economy.
- b) WISEs are enterprises having made explicit their main objective is the social and professional integration of groups with support needs (disabled or disadvantaged persons), which is done either by creating jobs (stable model) and/or proposing work experiences, training and job coaching opportunities (springboard model).
- c) WISEs are specifically independent businesses combining a market orientation and a social mission.
- d) WISEs are sheltered workshops and economic operators whose at least 30 % of the employees are disabled or disadvantaged workers<sup>2</sup>.

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<sup>1</sup> Nous rappelons qu'une recommandation est un instrument de soft law, dont la transposition dans le droit national n'est pas obligatoire.

<sup>2</sup> Cf. art 20 Directive 2014/24/UE

- e) WISEs initiate educational programmes designed on the basis of existing individual ability and potential within the enterprise.
- f) WISEs provide the worker needing support with an employment contract.
- g) WISEs are non-profit entities with limited profitability and with a distribution of the created surplus towards actors other than shareholders.

The public authorities (at all levels) must recognise the “work integration” service provided by the WISEs and encourage them with support measures such as subsidies for the recruitment of disadvantaged employees or/and an exemption or reduction of social contributions pursuant to national laws and regulations. This statement reflects the COMMISSION STAFF WORKING DOCUMENT “Guide to the application of the European Union rules on state aid, public procurement and the internal market to services of general economic interest, and in particular to social services of general interest<sup>3</sup>”, in which WISEs are described as follows: ***“can have different characteristics and take different forms, but in general, they offer employment opportunities to different groups of disadvantaged workers facilitating their access to and their reintegration into the labour market and promoting their social inclusion.”***

*For this reason, they need to benefit from support measures such as subsidy for the recruitment of disadvantaged employees, exemption or reduction of social contributions pursuant to national laws or regulations.*

*Such aid can under certain conditions be covered by the GBER or the general de minimis Regulation.*

*Public authorities in the Member States might also define social and work integration as a SSGI (Social Services of General Interest) and entrust social and work integration enterprises with a SGEI (service of general economic interest). In these cases, the SGEI Decision<sup>4</sup> applies to those services.”*

## 1.2. ENSIE requests concerning General Block Exemption Regulation<sup>5</sup>

ENSIE supports [Social Economy Europe](#) proposal: “Small, medium, and micro social economy enterprises, especially those of social utility, should have a different treatment than conventional SMEs as they face additional obstacle”. This different treatment could, for example, be inspired by what has been done in the Public Procurement Directive on reserved markets.

Furthermore, ENSIE calls for a revision of this regulation especially regarding the definitions of disadvantaged and severely disadvantaged workers and the aids for their employment and training.

The limits of the **“Aid for the recruitment of disadvantaged workers in the form of wage subsidies”** (art.32) do not allow to integrate many disadvantaged groups because the financial support is insufficient to cover their non-productivity and also because they are not ready to integrate the

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<sup>3</sup> Commission staff working document “Guide to the application of the European Union rules on state aid, public procurement and the internal market to services of general economic interest, and in particular to social services of general interest, SWD(2013) 53 final/2.

<sup>4</sup> Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest (notified under document C(2011) 9380).

<sup>5</sup> Commission Regulation (EC) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the common market in application of Article 107 and 108 of the Treaty (General block exemption Regulation).

conventional labour market after 12 or 24 months of integration pathways (see *Annex I justifying the need of a longer period of financial support in general and, more specifically, for people over 50*).

**Training** plays a key role in the integration pathways in order to strengthen the skills and competences of many vulnerable people and prepare them for a possible future integration in the conventional labour market (see *annex II asking for training a **state aid intensity of 100%** as it is already happening for the maritime transport sector (art. 31 – Training aid)*).

### **1.3. ENSIE requests concerning de minimis<sup>6</sup>**

ENSIE proposes adding another exception in Article 1 of the de minimis Regulation: “aid granted to work integration social enterprises (sheltered workshops and economic operators whose main aim is the social and professional integration of disabled or disadvantaged persons or may provide for such contracts to be performed in the context of sheltered employment programmes, provided that at least 30 % of the employees of those workshops, economic operators or programmes are disabled or disadvantaged workers according to the articles 2 and 20 of the Directive 2014/24/EU). In this framework, the total amount of de minimis aid granted by a Member State must be proportional to the size of the enterprise: a percentage in relation to the number of workers in the enterprise with a minimum ceiling of EUR 200 000 and a maximum ceiling of EUR 1 million over a period of three fiscal years.”

With this proposal, ENSIE wants to support job creation within WISEs: the more jobs are created by the enterprise, the higher the amount of de minimis aid is allowed. ENSIE thinks that “the imposition” of the same ceiling to companies, which have different sizes and with different profit objectives (see point g paragraph 1.1), represents a punitive approach: the EU must not penalise the medium and large work integration social enterprises having inclusive and fair objectives. Such a different and proportional approach proposed by ENSIE is, thus, better adapted to the enterprises’ reality.

### **1.4. De minimis and COVID**

In this critical period, that seems to continue also in 2021, the support to WISEs is furthermost important. As we can read in the “[COVID-19 impact on WISEs](#)” study conducted by ENSIE in 2020 among its members and WISEs directly, national public support is needed to help WISEs to recover from the crisis but also to reinforce their resilience for the future. Among needs, we can find the need in “*a greater and continuous support from the State, which will include a higher amount of government funding*”, for “*a better inflow of funds in the form of investments aid from the State*”, “*more accessibility to EU funds*”, “*increased possibility to benefit of reserved agreements as WISEs/ reserved contracts with local authorities*”, “*increased involvement of public and private entities in supporting WISEs*” and need for an “*adapted legislation in order to access subsidies*”.

The introduction, by the European Commission in the Temporary Framework of State Aid measures to support the economy in the current COVID-19 outbreak are more than appreciated. For this reason, ENSIE calls the European Commission for reminding this framework strongly and frequently to Member States. Indeed, ENSIE knows that some financial support in the time of the COVID-19 crisis was always put under the ‘de minimis regulation’ and not under the ‘Temporary Framework’.

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<sup>6</sup> Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.

## **1.5. ENSIE requests concerning SGEI**

Concerning the 2012 SGEI package regarding health and social services, ENSIE, first of all, would like to underline its complexity and the difficulties faced by small Local and Regional Authorities to fully use this package. ENSIE is also concerned by the implementation at the Member States level, which sometimes does not follow the good indications and as a result has a negative impact on the real local services. Furthermore, sometimes Member States have difficulties understanding the social service provided by WISEs. Therefore, ENSIE calls the European Commission to organise awareness raising activities for Member States, together with social services providers in order to showcase their contribution. This may facilitate the daily work of those social services.

Concerning the regulation on de minimis State aid to be provided for services of general economic interest, ENSIE appreciated the Commission's increased amount (EUR 500.000 over any period of three fiscal years<sup>7</sup>) but advocates for the increase of the threshold to EUR 800.000 over any period of three fiscal years.

## **1.6. ENSIE calls for a revision of the micro, small and medium-sized enterprises (SMEs) definition, included in the Recommendation 2003/361/EC of 6 May 2003<sup>8</sup>**

ENSIE wishes to add a new category to Article 3§2 of the Annex to Recommendation 2003/361/EC, integrating WISEs and non-profit social economy enterprises as defined according to point 12 of Regulation (EU) No 346/2013. WISEs and non-profit social economy enterprises will then have to be ranked as autonomous enterprises, thus not having any partner enterprises, even if the 25% threshold is reached or exceeded by those investors, provided that those investors are not linked, within the meaning of paragraph 3, either individually or jointly to the enterprise in question.

The logic of ENSIE's proposal stems from the evidence that a work integration social enterprise (WISE) is frequently founded and/or sustained by non-profit social economy enterprises: associations, organisations or social enterprises (often big ones) that hold more than 25% of its capital or voting rights. In Spain, a minimum participation of 51% is even foreseen in the law<sup>9</sup>. This condition usually entails that the WISE and the "upstream enterprise" is considered as "partner enterprise", and the resulting outcome of the calculation of staff numbers and financial amounts leads to the loss of the SME status of the involved/concerned WISE. Therefore, the WISE at issue ends up being excluded from the group of beneficiaries of public aids, which are, in accordance with the GBER, reserved for SMEs. This exclusion has a twofold negative consequence:

1. It dissuades associations, organisations and social enterprises from creating a WISE in the first place;
2. It strongly impairs the ability of the WISE to be economically sustainable, since public aid is often an important financial resource for WISEs.

In both cases, the resulting drawback is not only the lack of consolidation of the WISEs sector within the economy, but also the consequent loss of the fundamental economic and social added value

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<sup>7</sup> Commission Regulation (EU) 2018/1923 of 7 December 2018 amending Regulation (EU) No 360/2012 as regards its period of application Official Journal L 313 of 10.12.2018

<sup>8</sup> Commission Recommendation concerning the definition of micro, small and medium-sized enterprises, 2003/361/EC of May, 6<sup>th</sup> 2003.

<sup>9</sup> Article 5 of the law on WISEs, 44/2007.



deriving from the integration in the labour market of disadvantaged individuals – that are otherwise discriminated and excluded – and from the creation of new economic opportunities. Such added value, which pure market mechanisms sometimes fail to recognise, has to be acknowledged by public authorities and supported through public aid. ENSIE is aware that the provision on “partner enterprises” has the praiseworthy aim of preventing big economic players from misappropriating public funding. However, it is of uttermost importance that when the “upstream enterprise” holding 25% of the capital or voting rights of a WISE is a social economy enterprise reinvesting its profits in the WISE itself, **the two entities are not treated as “partner enterprises”, so that the WISE can still be considered as an SME and have therefore access to public aid.**

### **1.7. ENSIE calls for a reduced value-added tax (VAT) for products and services provided by work integration social enterprises as they contribute to social welfare.**

The current VAT regime is under revision to create a harmonised and simplified VAT system across the EU. The revision process has already started a few years ago and is now nearing the end with the national governments having the final decision. Before 18 February 2020, it appears that at European level, work integration social enterprises have only very limited access to tax benefits such as VAT reductions. This is demonstrated by the study conducted by the European Commission entitled "[SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN EUROPE](#)" published in January 2020. In this study, table 13, page 93 shows only 10 Member States apply the VAT exemption for social enterprises, while 17 (not including the United Kingdom) do not grant any tax advantage, notably VAT, to social enterprises broadly, WISEs included.

ENSIE calls for a reduced VAT for products and services provided by work integration social enterprises as they contribute to social welfare. Unfortunately, this provision of specific reduced VAT has now disappeared from the ongoing revision of the current VAT Directive. ENSIE also calls for an explicit reference within the Directive of differentiated VAT rates for key services contributing to the circular economy with high employment potential, such as re-use and repair.

## **2. WISEs and access to market**

### **2.1. Sustainable public procurement**

The Directive 2014/24/EU on public procurement, that came into force in 2014, has opened a series of significant opportunities to boost work integration social enterprises, especially encouraging the evaluation of bids on the basis of the best price/quality ratio and introducing more opportunities for reserved contracts and the use of social clauses. According to the European legislation, among the responsibilities of the Member States, it is foreseen to transpose the Directive at their national respective levels<sup>10</sup>. Therefore, **ENSIE calls the European Commission to implement more awareness raising activities towards Member States and public authorities on this topic.** To reach this goal, some guidance recommendations, practical instructions and good examples to show how to boost work integration through social clauses and reserved contracts (art.20) are needed. Initiatives as the Buying for Social Impact project<sup>11</sup> whose main aim was to promote the use of social considerations in public procurement procedures are more than needed.

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<sup>10</sup> See Article 288 TFEU.

<sup>11</sup> More information about the [Buying for Social Impact project here](#).

**ENSIE already strongly advocates for an important revision of the ongoing directive and its implementation at Member States level** in order to avoid late transposition and late production of supporting documents.

Concerning the future directive, ENSIE supports the [Social Economy Europe's proposal](#) to further develop a socially responsible public procurement approach:

**“...To actively invite Member States to reserve a part of public procurement procedures to sheltered workshops and economic operators whose main aim is the social and professional integration of disabled or disadvantaged persons (art.20); to remove the maximum duration of three years limit for the award of public contracts reserved to social economy operators for the provision of health, social and cultural services (art.77); or to implement other instruments as the systematic division of big tenders into lots or the development of concrete strategies by public authorities to boost socially and environmentally responsible public procurement. Greater support should be given for the employment and training of vulnerable people such as long-term unemployed, over 50s, NEETs<sup>12</sup> and people with disabilities which often find work opportunities in social economy enterprises and in particular in work integration social enterprises.”**

## **2.2. Partnership with for profit enterprises and Corporate Social Responsibility**

Over the last few decades, WISEs have shown that they are able to respond, even in times of crisis, to the needs of job placement, resocialisation, training and enhancement of the skills of disadvantaged people and to bring benefits to workers, to the territory, to the entities and companies with whom they collaborate. For some time, the spread of collaborations between these social enterprises and for-profit ones is witnessed both for structuring insertion paths to employment and for public support policies.

Experiences of this type are characterised by a high degree of heterogeneity and dynamism in European countries. ENSIE calls for having coherent support policies by the European Union, based on the ones already developed by some Member States which are, for the moment, very different policies and arrangements.

# **3. WISEs and access to finance**

## **3.1. European Structural and Investment Cohesion Funds**

Concerning the European Structural and Investment Cohesion Funds, **ENSIE calls the European Commission to monitor the real involvement of WISEs national/regional representatives in the monitoring committees**, at national and regional level and, where relevant, also in execution of the European Code of Conduct on Partnership<sup>13</sup>, which is still the reference in art 6 “Partnership and Multilevel governance” of the new Common Provisions Regulation (to be adopted in summer 2021). The European Commission should also monitor that funds are accessible for all types of enterprises and that no legal form is excluded (for example, in the 2014-2020 programming period, in Romania existing social enterprises, irrespective of their legal form, were not eligible to receive funding under the ESF Operational programme Human Capital - measures for social enterprises - only start-up social enterprises were eligible; NGOs, including social enterprises registered as NGOs were not eligible for

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<sup>12</sup> People who are not in employment, education or training

<sup>13</sup> Commission delegated regulation n°240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds.



enterprises funding under ERDF and EARDF. The situation, for social enterprises, seems to be improving for the new programming period).

In the framework of the **ESF+**, the European Commission should **encourage and monitor the involvement of WISEs representatives in the implementation of Operational Programmes**. Indeed, WISEs and social enterprises should be included in all the Operational Programmes in order to concretely implement the priorities of the European Pillar of Social Rights. The WISEs representatives' involvement should be encouraged by the European Commission also for the ERDF and Cohesion Funds Operational Programmes. This involvement of social economy actors would help to reach the goal of "a more Social Europe" in the next programming period. Indeed, WISEs are key actors to guarantee the achievement of the promotion of fair and equal access to labour market and social inclusion priority, for this reason in the next years it is important to strengthen their presence and role in the social dialogue within EU Member States. The request above mentioned is based on the results of the last programming period reports having shown that the ESF and, to a smaller extent, the ERDF have been game changers for the development of social enterprises in general, creating new opportunities and giving a new boost in countries where no or limited public measures addressing social enterprises existed<sup>14</sup>.

For the next programming period, after 2027, **it could be interesting to investigate the possibility to earmark a percentage of ESF+ funding lines to WISEs, social enterprises and other social economy actors**.

### **3.2. EU funding**

ENSIE calls the European Commission to monitor that WISEs are not left behind when trying to access EU funding because of a different legal status.

This is the case, for example for the EIC accelerator (or SME Instrument), which is dedicated to for-profit SMEs

ENSIE calls for earmarking 10% of relevant EU funding lines to WISEs, social enterprises and other social economy actors.

There are many open funding opportunities for WISEs and the whole social economy to be mainstreamed within different programmes (Erasmus+, Horizon 2020, EUforCitizens...) and it is hard for those actors, which are often small entities, to keep up with those opportunities. For this reason, ENSIE strongly supports SEE's proposal for the European Commission to create an EU online platform to offer tailored support for social economy enterprises, public authorities and support organisations to seize and access EU opportunities.

### **3.3. Active labour market measures**

Both through temporary or unlimited duration employment schemes, WISEs, due to their specific way of support, offer real opportunities for disadvantaged groups: a specific professional and social coaching within the enterprise together with a real job contract that enables a complete integration as professional and citizen.

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<sup>14</sup> European Commission, Comparative Synthesis Report "SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN EUROPE", 2020, p.75

ENSIE thus requests the European Commission to fully support the implementation of active labour market measures towards work integration social enterprises among Member States. On this topic, there are several good example in Austria : the Beschäftigungsoffensive 50+ <sup>15</sup>, which earmark funds of the Austrian public employment service for a specific target group, or , at the local level, in Vienna, the Joboffensive 50 plus<sup>16</sup> that subsidize work for elderly long-term unemployed in different organisations including WISEs. These measures encourage integration in the labour market and, in the current society of people that are generally marginalised, promote at the same time the development of a more social, sustainable and inclusive entrepreneurship.

These measures, as also shown in the last version of the [Impact WISEs study](#), are investment lines for governments given that money put in these measures is more than balanced by the financial revenues produced by the disadvantaged person's professional integration. The government does not pay anymore any social benefits to the person and does not pay all the other possible costs linked to his/her health and family. In addition to this cost reduction, the government also receives the financial revenues linked to the activities of the work integration social enterprises (e.g.: taxes, VAT... ).

### **3.4. Measuring the social and economic impact of WISEs**

In order to increase visibility and confidence in work integration social enterprises, it is **important to have the necessary means to empirically demonstrate the added value that these enterprises create as well as the social innovation to which they contribute**. Indeed, there is an increasing tendency by public authorities and investors to demonstrate the social and economic impact that WISEs create in order to be able to provide funds/grants or support these actors.

According to national social impact measurement practices, these reports/studies help to reduce the negative stereotypes about WISEs that unfortunately persist in our societies. In addition, the positive socio-economic impact results of WISEs allow a better collaboration at national level between public authorities and social actors themselves, which leads to favourable legal and financial measures for WISEs and their development. In addition, WISEs turn the costs<sup>17</sup> associated with disadvantaged people into a real investment. Finally, these actors forge and promote the behaviour of more responsible producers and consumers. Operating primarily in the recycling, sorting and waste collection sector, WISEs operate by using recycled materials and environmentally friendly operating techniques and methods to ensure sustainable development.

**ENSIE calls for recognition and increased visibility of the positive socio-economic impact of WISEs by the European Union and Member States.**

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<sup>15</sup> You can find more information about this [here](#).

<sup>16</sup> You can find more information about this [here](#).

<sup>17</sup> The costs linked to the disadvantaged person can be: minimum income, unemployment benefits, health costs, etc.

## 4. WISEs mainstreamed in the European Semester

### 4.1. European Semester cycle

**ENSIE calls the European Commission to increase the visibility of the Social economy actors** in the whole European Semester process.

Social economy actors especially WISEs are indispensable actors which have proven and are recognised by the EU as being effective in fighting social exclusion and unemployment. They do contribute to the EU objectives through their work in achieving the SDGs and implementing the European Pillar of Social Rights principles.

ENSIE welcomes the civil dialogue promoted by the European Commission but **advocates for better monitoring and communication between national and European stakeholders**. There is a lack of visibility on the European Semester process itself and the relevant involved stakeholders. In addition, consultation events/opportunities at national levels often never reach relevant civil society organisations (e.g.: the “Have your say on reinforcing Social Europe! Campaign” was unknown by the majority of ENSIE’s members). A better and transparent information flow is key for effective collaborations and optimisation of the European Semester process in improving people’s wellbeing.

### 4.2. Recovery and Resilience Facility

**ENSIE calls the European Commission to ensure vigilant and efficient monitoring of the Member States’ consultations with the civil society actors** (CSOs) on the ground while analysing the compliance of the submitted national recovery and resilience facility (RRF) plans with the EU objectives and requirements.

In the framework of the recovery process, WISEs representatives struggled to be included in the national negotiations of the RRFs plans (it was the case, among others, for Slovakia and Hungary for instance). An inclusive, transparent and effective coordination between CSOs, EU and national representatives through the European Semester is crucial for ensuring adequate work on measures to fight the consequences of the crisis and ensure fair and inclusive societies.

In addition, the implementation process of national reforms and investments should be monitored by the European Commission to ensure that all the requirements for inclusive and just digital and green transitions are met.

## 5. WISEs mainstreamed in other EU policies

### 5.1. The implementation of the principles of the European Pillar of Social Rights

WISEs are incredible contributors to making the Social pillar principles a reality. Indeed, according to ENSIE analysis entitled “[Contribution of WISEs and ENSIE recommendations for a better implementation of the principles of the European Pillar of Social Rights](#)”, WISEs contribute to 15 principles out of the 20. With the publication of the [Action Plan for the European Pillar of Social Rights](#)

last March, several initiatives such as the setting out of targets to combat gender inequalities in terms of employment, the reduction of the NEETs target group as well as that the ambition to increase the basic digital skills of the population concerns integration. In addition, ENSIE is pleased to see that its request to the European Commission to publish recommendations to Member States to develop active labour market measures has been heard in particular through the Recommendations for [Effective Active Support to Employment](#) (EASE). Nevertheless, effective coordination and dialogue must be ensured between representatives of national public authorities, civil society organisations and representatives of the EU, so that these recommendations can lead to a real positive impact for citizens and particularly those with support needs.

Finally, ENSIE is pleased to see that the entire social economy sector is recognised for its innovative character in providing people with support needs with employment opportunities. **Nevertheless, the document mentions it briefly in a short sentence without mentioning WISEs and social enterprises in general at all. Given that the Social pillar is the guiding tool for Member States to ensure more just and inclusive societies and that these actors were already recognised by the EU as effective, the Action Plan should have placed more emphasis on its support for this sector.**

## 5.2. Youth Guarantee

ENSIE is pleased to see that the Youth Guarantee (YG) and its values are gaining more and more importance and visibility across EU policies and that the EU encourages Member States to invest in support to youth. However, gaps remain in the implementation of the YG measures and additional efforts must be made at national and European levels to support young people facing social exclusion and at risk of poverty, especially in the current context of the COVID-19 crisis.

Among the recommendations, it would be essential for the EU **to raise awareness about the social economy in the reinforced YG**. Indeed, social enterprises and WISEs in particular develop an individual and tailor-made educational approach intended to strengthen the capacities and skills of workers within the company in order to enable them to better integrate the labour market and to reveal their potential. In addition, **the European Semester process should be used to promote and monitor the implementation of the YG measures by Member States.**

Finally, **ENSIE calls on the EU to ensure the participation of WISEs and NGOs providing social services to young people at risk of poverty in the process of implementation and policy development.** This would make possible to avoid poor mapping of the challenges and to develop appropriate intervention services aimed at young people. The empowerment of these actors will create spaces for the development of community models for the social and professional integration of young people, which will create a real impact on the integration of young people.

## 5.3. Circular economy

As demonstrated in ENSIE's [Impact WISEs study](#), WISEs are often active in the field of re-using, recycling and waste management as well as textile and repair and as such are committed to both social and environmental sustainability. This was acknowledged by the European Commission in its [Circular Economy Action plan](#), when it stated: "the potential of the social economy, which is a pioneer in job creation linked to the circular economy". However, as the WISEs legislative framework varies from one country to another, they are not always eligible to receive specific funding to enhance their activities in the sector and at the same time the social dimension is not very often included in the circular economy policies. Therefore, **ENSIE calls on the European Commission to consider setting also social and**

**employment objectives within the circular economy related policies and to create a clear link among the social economy action plan and the circular economy initiatives.**

With the development of the circular economy, there will be a need for up-skilling and reskilling of the affected workers to help them to adapt to new employment opportunities. It is important that the European Commission not only proposes such opportunities but also ensures that they are accessible **for jobseekers from disadvantaged groups in order to foster their active inclusion into the labour market.** On this topic, the Social Economy Action plan should be linked to the discussions about the **Pact for Skills on Social Economy** (see point 5.4).

Among the Commission legislations linked to the circular economy, ENSIE is interested and has expressed concerns regarding a few of them. Concerning the **“Sustainable product initiative”**, ENSIE is worried about the **products-as-a-service models**, “where producers keep the ownership of the product or the responsibility for its performance throughout its lifecycle”. Those models, mentioned throughout the Circular Economy Action Plan as a solution to encourage producers to manufacture longer lasting products, can potentially backfire in a context where cheap virgin materials and low labour costs remain a reality in manufacturing countries. It may be more interesting, economically speaking, to avoid the intervention of repairers and rather replace products once they are not functioning anymore. **ENSIE is calling for the development of safeguards to ensure that product-as-service models favour the use of durable goods that, if broken or damaged, will eventually be repaired, including by independent repairers.**

ENSIE has expressed also its concerns regarding the **EU textile strategy**, as its members have been active for years in the promotion and production of recycled and reused textiles, as shown in the [ENSIE WISEs Database](#). Numerous WISEs are active in this area and their work should be given prominence **as they develop sustainable and innovative products while supporting the integration of disadvantaged groups in the labour market.** This work, as well as the flexibility of WISEs, have been highlighted throughout the COVID-19 crisis with many of those enterprises adapting their production of textiles and materials for the packaging of masks and other essential products. Because of their positive externalities, WISEs should be given primary attention and specific funding in the EU Commission Communication.

#### **5.4. Skills and digitalisation**

**ENSIE emphasizes the need for recognition of WISEs in terms of Continuing Vocational Education and Training (CVET)**, given that they are the ideal environment for the competence improvement for adults belonging to disadvantaged groups, also when it comes to long-term training of employees. WISEs improve the employability of disadvantaged people by job coaching, mentoring, skills assessment, identification of an individual career path, job shadowing, on-the-job training, up to inclusion in conventional companies of the labour market. The workplace, which is the place where social interaction is present, is an environment conducive to the development of the needed work and key professional and social skills. Hence, the working environment, on the one hand, allows developing key skills, and on the other hand, can be exploited as a didactic environment to respond to pedagogical objectives. WISEs, in other words, can provide a series of daily situations to concretely face and put in practice what workers are learning.

**ENSIE invites the European Commission to boost capacity-building opportunities for WISEs, in particular linked to digital education and skills.** Even though WISEs already provide support to disadvantaged groups with concrete tools, such as training, technologies, information and communication technology (ICT) platforms etc., digital exclusion is very alerting across Europe. By



having more opportunities, WISEs would reduce technological and skills gaps within the society even more, hence they would stimulate a greater territorial response in terms of social innovation. Most WISEs are indeed SMEs with a focus on the insertion of the most disadvantaged people and they often have difficulties to get access to capacity-building opportunities.

**Upskilling and reskilling opportunities should be accessible to workers, but also to low-skilled people who are outside the labour market and who cannot currently access it because of those gaps.** Low-skilled adults should be helped to improve their digital literacy, numeracy, skills and – where possible – develop a wider set of skills leading to an upper secondary education qualification or equivalent. In other words, life-long learning, upskilling and reskilling need to be made accessible for everybody, by ensuring that none is left behind. This is, of course, consistent with the key principles of the Pact for Skills, officially launched on the 10th of November 2020, also aiming at promoting a culture of lifelong learning for all and at monitoring skills supply/demand and anticipating skills needs. **ENSIE asks the European Commission to make upskilling and reskilling plans more methodical to reach vulnerable people and include marginalised groups, e.g. the elderly, migrants, young adults and low-skilled in general, who are heavily affected by the ongoing pandemic.** Notably, ENSIE is joining forces with other 29 partners in the framework of the European B-WISE project, in order to develop and implement a new strategic approach (Blueprint) to sectoral cooperation on skills needed to reinforce the empowering work of WISEs in strengthening the skills and competences of disadvantaged groups and to sustainably tackle the digitalisation challenges they face.

Micro-credentials, in this regard, are key elements to boost the effectiveness of WISEs work, as they can contribute to the upskilling and reskilling strategies. **ENSIE invites the European institutions to take into account the involvement of WISEs in the definition of the European approach to micro-credentials for lifelong learning and employability.** It is crucial to achieve high quality results for a harmonised strategy across Europe in terms of recognition of capacities and skills as well as of social inclusion.

Portability, indeed, is one of the main issues the sector is facing when it comes to employability. Even though some disadvantaged people are able to get access to upskilling and reskilling opportunities, often micro-credentials are not recognised by employers or public authorities, which makes it more difficult to allow proper employability to low-skilled workers. This is also why it is essential to get a consistent and official approach to micro-credentials.

## 6. WISEs and external dimension

ENSIE suggests the European Commission to push forward some concrete actions to put in practise the GECES' recommendation presented in 2016<sup>18</sup>. On this point, it is required to develop a concrete external action plan for the Social economy, starting from the analysis of the WISEs and social enterprises development and definition at the non-EU macro-regional level. Moreover, ENSIE suggests the following concrete actions.

### 6.1. Common definition of WISEs

Accordingly with its capacity, the **European Commission should, once a common definition of WISEs is approved at the EU level, promote it at international level**, in order to define a global

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<sup>18</sup> Social enterprises and the social economy going forward, A call for action from the Commission Expert Group on Social Entrepreneurship (GECES). October 2016, pages 10 and 11.



definition and avoid incorrect and missing definition at national level. Taking as example the Eastern Neighbourhood region, the European Commission can insert the correct and common definition of WISEs in the European Neighbourhood Policy framework, in order to already orient the national authorities to a clear and proper definition of these enterprises in their national legal framework. **This clear definition should also appear in trade agreements and in financial programmes that the European Union develops with these non-EU actors.** Indeed, ENSIE together with its members in Western Balkans and Eastern Neighbourhood countries has detected a real gap in the legal definition of WISEs. In other countries, on the contrary, where the definition is present, there is still a lack of knowledge on this topic and the related information. There, the European Commission may boost the awareness involving more the local WISEs representatives in the European actions and projects.

## **6.2. Enhance good practices exchanges and networks development**

It would be important that the European Commission boosts the promotion of good practices of WISEs between the EU Member States and non-EU countries, with specific exchange actions and projects. This could be done through creating and financing specific calls for projects aiming to promote these exchanges of practices and successful examples. Meanwhile, these exchanges should be part of a more defined and concrete awareness raising strategy that should involve not only WISEs representatives but also EU institutions, as well as local and national authorities.

## **6.3. A common definition of the target group**

As for the legal definition of WISEs, the European Commission should identify a common definition of the WISEs target group. This definition, which is clear to the EU Member States, is not shared within all the non-EU-countries yet. Starting once again from the closer neighbourhood (i.e. Western Balkans and countries from the Eastern Neighbourhood) the Commission may start promoting to open up the target group definition to a wider number of persons. In several countries, the definition of WISEs' target group is still limited only to people with disabilities. It would be important that the European Commission could sponsor the EU definition of target groups and underline the need to properly include other people with support needs.

## **6.4. General recommendations**

The EU needs to put forward work integration social enterprises, and the social economy in general, in EU delegations around the world. This can concretely boost the awareness-raising on this sector and give more recognition to actors like WISEs at the global level. Moreover, as also suggested by GECES<sup>19</sup>, it would be very important to integrate the social economy into policy dialogues and development programmes with third countries or regional organisations, with a continental or even better regional focus. Another point that has been raised from our work with non-EU members, is the need for the European Commission to strengthen and open access to finance for social economy organisations and WISEs. Moreover, another suggested effort is to open the active participation of social economy actors in the promotion and support of the social economy through the United Nations agencies, funds and programmes.

Therefore, **it would be very useful to create a better connection and exchange between civil society organisations and EU institutions working on this topic.** Moreover, the exchange of good practices and the **development of network exchanges** may be useful for developing common strategies and shared actions for the social economy, with specific attention to WISEs and social

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<sup>19</sup> Ibidem.

enterprises. **Information, awareness, common definition of legal status and target groups, as well as broader access to finance are the points on which the European Commission should focus also in defining and implementing concrete actions for the social economy actors and WISEs in the next years.**

## **ANNEXE I - ENSIE's short justification / examples**

### **AUSTRIA**

First, regarding people close to retirement age, there is a special clause in the Austrian Public Employment Agency's directive for WISEs:

Individuals who are only 3,5 years (or less) short of their retirement age and whose prospects for labour market integration are very low, may be employed at the WISE until they retire. Normally, the maximum employment duration is 12 months. Success is thus not measured by labour market integration, but by amortisation of costs, i.e., whether the costs of employment at the WISE are lower than unemployment benefits. Additional direct fiscal effects are also included in the equation.

The instrument is called „Pensionstransitplätze“ (retirement transit jobs). They do not exist in each Austrian federal state.

### **BELGIQUE - WALLONIE**

[Décret du 19 décembre 2012](#)

Les limites imposées par le GBER sont respectées mais vu la nécessité d'avoir des parcours d'insertion plus longues le décret dit:

"Le paiement de la subvention est étalé sur 4 ans à raison de 25% du montant global. »

[Legislation](#)

Arrêté du Gouvernement wallon du 24 mai 2017 portant exécution du décret du 20 octobre 2016 relatif à l'agrément des initiatives d'économie sociale et à l'agrément et au subventionnement des entreprises d'insertion.

### **FRANCE**

#### **24 mois la règle de base du Code du travail avec des dérogations**

La durée des parcours d'insertion est encadrée par le Code du travail, qui permet des contrats de travail allant jusqu'à 24 mois.

A titre dérogatoire, ces contrats peuvent être renouvelés au-delà de la durée maximale prévue en vue de permettre d'achever une action de formation professionnelle en cours de réalisation à l'échéance du contrat.

Pour les chantiers d'insertion cette durée peut être portée à 60 mois compte tenu de l'éloignement à l'emploi des personnes en parcours.

A titre exceptionnel, ce contrat de travail peut être prolongé par Pôle emploi, au-delà de la durée maximale prévue, après examen de la situation du salarié au regard de l'emploi, de la capacité contributive de l'employeur et des actions d'accompagnement et de formation conduites dans le cadre de la durée initialement prévue du contrat :

a) Lorsque des salariés âgés de cinquante ans et plus ou des personnes reconnues travailleurs handicapés rencontrent des difficultés particulières qui font obstacle à leur insertion durable dans l'emploi, quel que soit leur statut juridique ;

b) Lorsque des salariés rencontrent des difficultés particulièrement importantes dont l'absence de prise en charge ferait obstacle à leur insertion professionnelle, par décisions successives d'un an au plus, dans la limite de soixante mois.

### **Mesure exceptionnelle liée à la crise COVID**

Le premier Ministre a annoncé ce 24 octobre, le passage de 24 à 36 mois en durée de base possible du parcours d'insertion hors dérogations, compte tenu de la fragilité des personnes et des difficultés actuelles à retrouver du travail classique (Mesure 9.)

Statistiques de la DARES, sur les durées de parcours des personnes qui sont sorties de l'insertion en 2017 :

[Durée des parcours des sortants 2017 - DARES.xlsx](#)

[Parcours IAE sortants 2017 - mars 2019.xls.xlsx](#)

## **GERMANY**

For LTU people (more than 2 years of unemployment): measure opens to all type of enterprises. People can stay more than 5 years with a digressive form of support (the details have to be confirmed)

## **ITALY**

[La legge 381/1991 'Discipline des coopératives sociales'](#)

Art4.1 - Personnes défavorisées :

les personnes défavorisées sont des handicapés physiques, mentaux et sensoriels, d'anciens patients hospitalisés dans des hôpitaux psychiatriques, y compris judiciaires, des sujets sous traitement psychiatrique, des toxicomanes, des alcooliques, des mineurs en âge de travailler en situation de difficulté familiale, des personnes en prison ou internées dans les prisons, les condamnés et les

détenus admis à des mesures alternatives à la détention et travaillent à l'étranger conformément à l'article 21 de la loi no. 354, et modifications ultérieures.

Art4.2 - La condition de personne défavorisée doit résulter d'une documentation provenant de l'administration publique, sans préjudice du droit à la vie privée.

Pas de durée prévue – la durée est liée à la condition

## LUXEMBOURG

Créer un emploi d'insertion pour chômeur de longue durée

L'aide à l'embauche des chômeurs de longue durée âgés de 30 à 49 ans est accordée à l'employeur pendant **les trois premières années** consécutives à l'embauche, suite à la conclusion d'un contrat de travail à durée indéterminée (CDI).

Pour les chômeurs âgés de 50 ans accomplis, le Fonds pour l'emploi rembourse 100% des frais salariaux plafonnés **jusqu'au jour de l'attribution au salarié d'une pension de vieillesse**.

Aide à l'embauche de chômeurs âgés

La part patronale des cotisations de sécurité sociale est remboursée pour les contrats de travail à durée indéterminée :

- pendant 2 ans pour les demandeurs d'emploi âgés de 45 ans au moins, sans emploi et inscrits comme demandeur d'emploi à l'ADEM depuis minimum 1 mois;
- **jusqu'à l'âge de la mise en retraite pour les demandeurs d'emploi âgés au moins de 50 ans accomplis, sans emploi et inscrits comme demandeur d'emploi à l'ADEM depuis minimum 1 mois.**

## SPAIN

[Ley 44/2007, de 13 de diciembre, para la regulación del régimen de las empresas de inserción](#)

Article 15, paragraph 4 – the disadvantaged people can stay among 12 months and **36 months**

This is not enough for vulnerable people arriving from prisons (especially women) also people over 55. Over 55 need more time to learn and are also near the retirement (useful to not divide the remaining working years in several periods).

## ANNEXE II - La formation : de la France à l'Europe

Dans les entreprises d'insertion et entreprises de travail temporaire d'insertion, les salariés en parcours d'insertion représentent 80% des effectifs de l'entreprise, avec une durée moyenne de parcours de 12

mois. Compte tenu par ailleurs du niveau de qualification des personnes, à 74% de niveau 3 et infra du CEC le besoin de formation est très important (données Observatoire).

## **Un besoin de formation très important**

L'approche macro-économique est assez simple, il y a environ 200 000 personnes chaque année qui sont salariées dans le secteur de l'insertion par l'activité économique, l'Etat consacre 60M€ pour la formation, soit en moyenne 300 € /personne. Alors que les acteurs évaluent à en moyenne le besoin à 70h de formation (2 semaines) à 15€ de l'heure, uniquement pour le coût de la formation. Soit un besoin de près de 200M€.

Ces données auraient besoin d'être affinées mais elles posent l'ampleur du sujet. Ces 140M€ restants ne peuvent pas être à la charge des entreprises d'insertion, qui ne peuvent pas financer des formations à de tels niveaux pour autant de personnes qui quitteront toutes l'entreprise.

En ce sens, l'entreprise d'insertion joue bien sa fonction de passerelle vers l'emploi durable, pour répondre à des besoins de compétences des territoires. Ce coût doit être assumé pour partie par les entreprises classiques qui embauchent et pour partie par la puissance publique.

Aujourd'hui les collectivités territoriales et Pôle emploi seraient prêts à cofinancer des formations mais sont bloquées par le maximum de 70% défini par le règlement européen.

## **Supprimer la limite du financement public**

Ce plafond de 70% pourrait être légitimement supprimé du règlement (UE) No 651/2014 de la commission du 17 juin 2014 déclarant certaines catégories d'aides compatibles avec le marché intérieur ; pour y parvenir il est ainsi proposé de :

⇒ **S'appuyer sur l'objectif du considérant 52 pour différencier significativement l'intensité d'aide pour les formations concernant les travailleurs défavorisés**

⇒ **S'appuyer sur l'entrée « travailleurs gravement défavorisés » pour atteindre une intensité d'aide à 100%**

⇒ **S'appuyer sur le précédent accordé au secteur du transport maritime pour atteindre une intensité d'aide à 100% pour les entreprises petites et moyennes qui dispensent des formations pour des travailleurs défavorisés. Si une entrée sectorielle a pu être obtenue, une entrée « public » doit être atteignable pour les plus fragiles**

⇒ **S'appuyer sur la combinaison « travailleurs défavorisés » et taux d'emploi dans ses effectifs pour légitimer une intensité d'aide à 100%.**