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“Social Entrepreneurship. A vector of chance in the EU”
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Ladies and Gentlemen,

I don't have to convince you that social economy is an important contributor to the European economy and sustainable job creation. The figures are clear. Over 11 million people are employed in the social economy across Europe, which represents about 6.7% of the European population having an income. Social economy enterprises represent 10% of the European companies.

In Belgium, a recent study shows that the social economy enterprises contribute to about 4.9% of the growth domestic product (GDP) and would represent 11.3% of the national employment rate. If we only look to two types of companies, cooperatives and companies with social purpose, figures show that in 2008 there were 472 recognised cooperative companies and 457 companies with social purpose, in short 929 social economy companies. 458 of these 929 companies have employees, with a total of 12.156 employees (10.287 full-time equivalents). The note also mentions more than 2.000.000 partners for the recognized cooperative companies.

Belgium is a rather complicated Federal state, as you may know. Some competences are shared by Federal and Regional authorities. That is the case for social economy, which is a shared competence between the Federal State, the Flemish, Walloon and Brussels-Capital Regions and the German Speaking Community. A cooperation agreement on social economy, based on a commonly agreed definition is at the heart of collaboration.

Social economy initiatives and enterprises respect the following 5 principles:

- primacy of work on capital
- autonomous management
- service to the members or the society as main objective rather than profit
- democratic decision making process
- sustainable development in respect of the environment.

The agreement aims at organizing the transfer of financial means from the Federal State to the other entities based on a co-financing system (1 euro invested by the Federal level represents 1 euro invested at Regional or Community level). Yearly, this represents nearly 16 million euros that are transferred from the Federal State to the Regions and the German speaking community.

The Federal investment in the social economy played an undeniable leveraging effect on the budgets invested in the Regions and in the German speaking Community. This is mainly due to the co-financing mechanism of the cooperation agreement. Apart from that the Regions and the German Speaking Community are investing in the social economy in greater proportions than what the agreement of cooperation asks.

As for the Federal State, it supports financially innovative projects in the area of social economy. The aim is to reinforce managerial capacity and professionalize the social economy enterprises.

The annual budget for grants is approximately 2 million Euro. This year we are running a new call for projects in the areas of neighborhood services and that reinforcement of purchasing power.

The Federal State has also developed a project that is running for over 4 years aiming at building bridges between the social economy and the regular economy. This project is elaborated in coordination with the Chambers of Commerce. The yearly budget is 400 000 Euro.

In the area of employment policies, social economy enterprises benefit from a number of support measures from the Federal State. They are «rewarded» for the investment in long term unemployed people mainly through two measures: a salary grant for specific target groups, called SINE and specific contracts via Public Social Welfare Centers.

For SINE, the target group is long-term unemployed people who have not got a second educational or vocational degree. They are activated through a job in a recognized work environment (e.g. integration enterprises, social workplaces, ...). The worker can benefit from a job coaching and training that enables him to integrate the «regular» labour market. The measure is a form of salary grant.

The law establishing the Public Social Welfare Centers makes it possible for people that have dropped out of the labour market and that are beneficiaries of the minimum income or the social assistance to be offered a job through the Public Social Welfare Centers in a recognized social economy initiative. A total of 3.000 jobs are reserved for this measure.

Other innovative forms of activation have been set up, like the activities cooperatives. In these cooperatives, unemployed people can develop their own activity, within the scope of the cooperatives for one year. This offers them the opportunity to make their business effective. They will still receive unemployment benefits which will diminish according to the income generated by their economic activity. It gives them the opportunity to launch their activity with a minimal risk.

Belgium has also offered a special status for the social enterprises which is called «société à finalité sociale» (company with a social aim). It is a transversal status that many types of private commercial companies can acquire. This status adds up to their organizing status. For instance, a cooperative with limited responsibility can add the social aims to its status. 3 criteria must be respected: the company must have a social objective (other than making profit); the legal form must be that of a commercial company (not an association); certain specific clauses must be written in the status. The companies adopting this measure can benefit from certain fiscal advantages.

Finally, Belgium has also developed special VAT regimes for recycling companies from the social economy according to the possibilities given by the VAT directives. There are also a number of social aspects that are promoted in the public procurement areas, like the social clauses.

These measures are developed at Federal level and complete regional measures.

The influence of EU decision making and rules on the social economy are very important. It should be underlined that the social economy is a transversal matter that is relevant in various policy areas. It should be taken into account in the economic sphere, as well as the social policies, but also in tax aspects, state aid, enterprise policies (Small business act and Single market act).

Recent policy instruments have also been developed that play a role on the development and recognition of the social economy. The active inclusion strategy mentions the social economy as a vector for inclusion of disadvantaged target groups. The employment guideline 10 adopted in October 2010 also reflects this role of the social economy in the integration into the labour market. This has also been highlighted in the platform against poverty published in December 2010 by the European Commission. It can also be mentioned that we are expecting with great interest the forthcoming opinion of the European Economic and Social Committee on social business and social economy that should be issued in autumn 2011.

Even if we have to acknowledge that the social economy is not mentioned in the Europe 2020 Strategy, Belgium is convinced that the social economy can contribute positively to the achievement of several headline targets, such as the employment target, the climate change target and the poverty target.

The work done during the conference “The social economy and the Europe 2020 Strategy - Local added value and territorial roots”, organized under the Belgian Presidency on 27 and 28 of October 2010 in Brussels, has enabled to highlight the added value of the social economy in the frame of the 3 main thematic of the Europe 2020 Strategy: a knowledge based economy, sustainable development and inclusion. Gathering representatives of Member States, of European institutions and bodies, social economy organizations and enterprises, the conference has drawn concrete recommendations on these three themes.

The Presidency encouraged the guarantee all types of actors, SMEs included, the possibility to benefit from the European measures and to encourage diverse forms of partnership, particularly at local level. The characteristics of the social economy enterprises, other than only financial characteristics, should be taken into account for the set up of financial instruments, in particular in the development of green technologies and green jobs. Initiatives aiming at declining both social and environmental aspects to tend towards an integrated and common policy on sustainable public purchases should be implemented.

Innovation capacities, both technological and social, of the social economy should be taken into account as well as the values transmitted by the social economy enterprises. Initiatives in the frame of the life long learning should be launched to ensure a better integration of the social economy initiatives in this field and to encourage training courses for and on social economy as well as exchanges of good practices.

Ladies and gentlemen,

It may be clear that a lot of work is to be done. But is worth the effort considering the gains :

First of all, social economy plays an important part in the fight against social exclusion; on the one hand the integration companies from the social sector play a crucial role for the vulnerable groups in connecting them to the labour market, on the other hand do social economy companies ensure access to services for these groups.

Secondly, social economy's capacity for innovation is very important. The direct contact between this social sector and society gives it a special capability to detect new needs and to use this capability to influence public administration and traditional profit organisations and, when

needed, to give creative innovative answers. The originating and spreading of new ideas has also known bigger successes in terms of technological innovation.

And last but not least : social economy's socially added value becomes more visible and explicitly clear with regards to the labour market. Social economy mainly contributes to the creation of new jobs, the preservation of jobs in sectors and companies in crisis and/or under threat of being closed down, the increase of work stability, moving jobs from the "black" circuit (moonlighting) to the "white" circuit, keeping skills lively (e.g. crafts), investigating new professions (e.g. social educator) and the development of paths for disadvantaged groups threatened with social exclusion. Statistic data have shown that social economy is a powerful job creating sector in Europe. Let's give it all the chances needed.

I thank you for your attention and wish you fruitful discussions during this conference.