



# Social Services Europe

## SSE Statement on the Social Economy Action Plan

15 December 2021

[Social Services Europe](#) (SSE) is a **network of eight European umbrella organisations** – comprising Caritas Europa, CEDAG, E.A.N., EASPD, EPR, Eurodiaconia, FEANTSA and the Red Cross EU Office – **representing over 200,000 not-for-profit social and health care organisations**. We are **active in a sector employing over 11 million people, of which about half are employed by social economy organisations**. This also means that **more than a third of the (estimated) 13.8 million paid jobs in the social economy is in the sector of social services**. It is also characterised by a strong employment growth dynamic in the last 10 to 15 years (with an increase of the workforce of more than 10% only between 2013 and 2018), also due to growing social needs. The COVID-19 pandemic clearly showed its relevance, its resilience, but also exposed challenges and weaknesses.

Social Services Europe welcomes the newly launched Social Economy Action Plan (SE AP). We contributed to the development of the Action Plan through oral and written feedback in public consultations and meetings with the European Commission (EC). Below we share SSE's first analysis of the Actions Plan's relevance for the provision of social services in the social economy.

### 1. Social Services recognised as a crucial part of the Social Economy

- SSE is pleased to see reference to the social services sector and acknowledgement that social service providers are a crucial part of the social economy as *“important partners (...) in the provision of social, health and care services”* (p. 6).
- It is also positive that the SE AP raises some of the challenges in the social services sector such as low wages and precarious working conditions, but it is disappointing that there is no action attached to or any initiative announced on this issue, including the promotion of social dialogue in our sector. SSE also welcomes the reference to the wider societal impact of the social economy and its strong potential as a creator of *“quality jobs”*, contributing to *“social and labour-market inclusion of disadvantaged groups”* (p. 3), and which promotes the *“active participation of citizens in our societies”* (p. 3).
- SSE appreciates the mention of the positive impact of the social economy during the COVID-19 pandemic in which many social economy organisations, including not-for-profit social service providers, *“assisted people in need”* and provided *“proximity help in local communities”*. As stated in the SE AP, social service providers and other social economy organisations have the *“potential to reshape the economy post-COVID through inclusive and sustainable economic models”* (p. 4). In this context, SSE strongly welcomes the reference to the Social Services Helpdesk.
- SSE further appreciates the need to develop coherent frameworks for the social economy that considers the *“specific nature and needs with regards to (...) care services”* (p. 6) and that when developing appropriate frameworks, public authorities should take into account the *“diversity of legal forms covered by the social economy”* (p. 6) since policies needed to support social enterprises are not necessarily the same as those needed to support social service providers.
- SSE welcomes the upcoming Commission proposal for a Council Recommendation on developing social economy framework conditions in 2023. SSE agrees with the statement that *“The diversity of starting points means that a ‘one size fits all’ approach is not feasible and supporting the social*

economy will require different approaches” (SWD(2021)373, p. 27). SSE expresses its hope and expectation to be able to contribute to its elaboration, having ample knowledge of the realities and needs of the social services sector, including those of the providers, on the ground based on its membership.

- SSE is happy to see the reference to the key role social economy organisations play in the national welfare systems. For SSE, this aspect should be taken up by the High-Level Group on the Future of Social Protection in the EU and of the Welfare State in the EU Members recently set up.
- SSE welcomes that the SE AP highlights that *“foundations and associations in the social economy explain they encounter difficulties in enjoying the full benefits of the Single Market. For example, associations face constraints in operating their activities cross-border.”* (p. 7) The reference to the EP draft report with recommendations to the EC on a statute for European cross-border associations and non-profit organisations is positive. The same holds for the announcement that the EC *“will launch a study providing a comparative analysis of the legal regimes and landscapes of associations in the EU”* (...) *“to better understand issues faced by associations.”* (p. 7)
- SSE agrees with the reference to the capacity of social economy organisations to find innovative solutions by *“operating bottom-up and being close to communities, citizens and problems they face.”* But this comes with an important caveat: if (social) services are struggling to properly operate, also due to austerity measures, they will not be able to easily afford and make necessary digital and green transitions and stay true to the values and principles of the social economy.
- SSE welcomes the reference to the European Care Strategy – announced for Q3/2022 – which should provide *“an opportunity for boosting the care economy raising the profile of the strong added value of the social economy in this sector, also to help improve working conditions.”* (p. 6)
- Given the importance of state aid for many social enterprises, such as those employing people from disadvantaged groups, SSE encourages the EC to adapt rules for aid for social enterprises’ access to state aid, in particular for aid for hiring and training disadvantaged or severely disadvantaged workers. SSE would also support a revision of the General Block Exemption Regulation (GBER) as to the definition of disadvantaged and severely disadvantaged workers.
- SSE welcomes that in the broader context of enabling ecosystems, taxation is presented as an important regulatory issue for the social economy and that it highlights that only a *“few countries have developed a specific and consistent taxation framework for social enterprises.”* (p. 6)

## **2. More actions needed if the social economy and social services are to reach their potential**

There are a number of areas that we would want to see further developed or improved in the Action Plan. They particularly pertain to social dialogue, access to finance, social impact measurement, social outcome contracting, social innovation, and public procurement.

- The SE AP misses an opportunity in its lack of reference to social dialogue in certain sub-sectors of the social economy (especially social services), despite *“the need to further develop and promote social dialogue and collective bargaining in the social economy”* (p. 26) being mentioned in the Staff Working Document<sup>1</sup> and the EU having competences in terms of facilitating social dialogue.
- Regarding access to finance, SSE welcomes the emphasis on creating new financial products for the social economy. We regret nonetheless that no emphasis is put on organising and boosting capacity and demand for such investment among social economy actors, and also that there is a limited involvement of the end beneficiaries in these discussions. Without such involvement, we therefore caution as to the limited impact the existing proposals will have in terms of reaching the quality social projects which most need financing.
- In terms of social impact measurement, while it is good that the EC wants to improve how social impact can be measured, there should be caution regarding the SE AP’s ambition to develop

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<sup>1</sup> Commission Staff Working Document accompanying the document “Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Building an economy that works for people: an action plan for the social economy” {COM(2021)778 final}, Brussels, 9.12.2021, SWD(2021)373 final

*“simple standard methodologies for assessing social impact”* (p. 16). There is indeed very little evidence that such methodologies will and can actually lead to more and better social impact on-the-ground. This is due to the inherent complexity of measuring social impact in social services and social work and the damaging consequences oversimplifying measurement (methods and tools) may have on-the-ground. SSE will need to be involved in this initiative in order to maximise the input and expertise of our membership in this field.

- SSE is surprised and concerned that the EC seems to want to continue to support “Social Outcomes Contracting”, even though their own study on the matter<sup>2</sup> demonstrates the negative impact and the limited scalability such measures have. At least for the sector of social services, SSE fails to see tangible benefits and the evidence for promising practices.
- We also regret that grants and subsidies, such as those offered under the European Social Fund+ or the Erasmus+ are not presented as very important tools to fund social innovation throughout the continent, even though support for mutual learning is made available. Although Horizon Europe is mentioned and grants “to raise awareness and ease the access of social entrepreneurs to the resources of pan-European, national, regional and local innovation ecosystems” (p. 19) are announced, ESF+ and Erasmus+ are essential tools in the funding and supporting of social innovation projects in social services.
- It is positive that the SE AP promotes socially responsible public procurement (SRPP) when public procurement is deemed the right way to proceed; for instance, the use of reserved markets to boost employment for disadvantaged workers. For SSE, in public procurement SRPP should generally be considered as “best practice”. However, SSE does not believe that public procurement is often the right funding mechanism through which to finance social service provision and has serious doubts regarding the concrete benefits of using public procurement to contract out quality social services, also given the lack of awareness of the criteria and their use among Member States, particularly at local and regional level. We would propose that the European Commission promotes the use of public procurement in areas where it can make a positive social impact; for instance, on employment of disadvantaged persons. SSE would also like to see the EC to explicitly recognise alternatives to public procurement which focus more on partnerships and cooperation and less on buyer-supplier logics in the funding of quality social services<sup>3</sup>.

### **3. Social Services Europe available and interested in becoming a partner for the successful implementation of the Social Economy Action Plan**

SSE is delighted to see that our call for *“a participatory approach to policy design and implementation”* is mentioned in the SWD(2021)373 final (p. 39). As written there and in SSE’s contribution to the EC consultation on the Roadmap for a Social Economy Action Plan, SSE underlines its interest and availability for a *“co-creation process”* (p. 39) and to work with the EC and the other relevant stakeholders on the successful implementation of the Social Economy Action Plan. For SSE, of particular importance in this regard is the Commission proposal for a Council Recommendation on developing social economy framework conditions and initiatives on social innovation and social entrepreneurship where SSE is ready to bring in the expertise and experience of our network and a social service providers angle.

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<sup>2</sup> European Commission: [Study on the benefits of using social outcome contracting in the provision of social services and interventions](#) - A cross-country comparative assessment of evolving good practice in cross-sectoral partnerships for public value creation (April 2021).

<sup>3</sup> SSE explains the reasons for this in detail in its [Statement on the EC Guide “Buying Social”](#) (6 December 2021).