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The social economy from the perspective of active inclusion – Employment opportunities for people far from the labour market

Minutes



On behalf of the
European Commission
DG Employment, Social Affairs and Equal Opportunities



Peer Review:

**The social economy from the perspective of active inclusion –
Employment opportunities for people far from the labour market
Brussels, 12-13 June 2008**

The Peer Review was hosted by the Federal Public Planning Service on Social Integration.

Day 1

Welcome address

Antoine Saint-Denis (European Commission, DG Employment, Social Affairs and Equal Opportunities) explained that his unit in the Commission is in charge of social inclusion policy, including the Open Method of Coordination (OMC), which is a common framework for all Member States to work on social protection and social inclusion issues. His policy responsibilities include the social economy. He thanked the Belgian government for hosting this Peer Review.

The objective of the review would be to assess the extent to which the social economy contributes to social inclusion policies and especially to policies relating to the work integration of people who are furthest from the labour market. He was sure that the participants' expert knowledge of the social economy would feed into the broader framework of social inclusion policies. They would be assessing good practices that have been developed at the national or sub national levels in Belgium. A key point would be the transferability of that experience to the participants' own countries. The potential of the social economy at the European level should also be examined. He introduced his colleague Gerhard Bräunling, who has been in charge of the EU's EQUAL programmes. These have had an important impact on the social economy. The presence of Commission representatives dealing both with social inclusion and the European Social Fund was a token of the wish to strengthen the involvement of the social economy in these two policy fields.

The review would be looking at the social economy from the point of view of the social OMC. He recalled that the European goals for social inclusion are not only to tackle poverty and material deprivation but also to ensure that everybody in the European Union is able to participate fully in social and economic life. A discussion of the social economy is fully consistent with those aims. By promoting mutual learning, Peer Reviews can contribute to achieving the objectives.

The strategy of active inclusion of those furthest from the labour market has been being developed over the last years by the European Union as a complement to the flexicurity strategy. While flexicurity is relevant to people who are in the labour market or not too far from it, it is less so to those who have difficulty in approaching that market. The active inclusion strategy rests on three pillars: active labour market policies; the guarantee of a minimum income sufficient for people to lead a dignified life; and access to quality services, especially social services. After two consultations and two communications on this topic, the Commission was about to issue a recommendation to Member States. It would be sent out in October 2008 and would lead into discussions among ministers in the second-semester Council. The findings of this Peer Review would feed into these policy outcomes.

Sébastien Pereau (Cabinet of the Federal Minister of Social Integration, Belgium) welcomed the participants on his Minister's behalf. He was pleased that the Peer Review topic proposed by

Belgium had met with such interest in other countries and on the part of the European Commission, and that its outcomes would feed into European policy-making on active inclusion. He thanked the conference organisers and experts for their contributions. From the conference reports, it was clear that the social economy is the responsibility of different ministries in different countries. This is a sign that the social economy is a very broad concept requiring various inputs. He looked forward to an interesting discussion.

Presentation of the host country paper “Social Economy in Belgium”

Julien Van Geertsom (President, Federal Public Planning Service on Social Integration, Belgium) welcomed the Peer Review participants to the headquarters of Belgium’s Central Council for the Economy, which gives opinions and advice on the economy and is composed of the social partners. For Belgium, the social economy is a full part of that wider economy and plays a vital role in overall economic development. It is a different kind of economy, where human capital is more important than capital and services for the community are more important than profit. It provides opportunities to many people, including those who are far from the labour market.

Although a small country, Belgium is a very complicated one, he said. It has three regions, three communities and 64 ministers. There are the Flemish Region, the Walloon Region and the Brussels-Capital Region. Then there are the French Community, the Flemish Community and the German Community. The Flemings have merged their Regional and Community governments. There are governments of the French Community, of the Walloon Region and of the Brussels-Capital Region. Within the Brussels Region, there are specific institutions for Flemish-speakers and French-speakers. His presentation would be about the federal level. Subsequently, participants would hear presentations from the other levels about their policies on the social economy.

Belgium has a long tradition of cooperatives, mutual societies and associations in fields such as healthcare, social security and education. Strong cooperation between government and civil society has always been a feature of these arrangements. However, the current series of federal initiatives on the social economy began in 1999 and will end in 2009, as a proposed reform of the State will transfer all social economy competences to the regions. So this would be his last address on the social economy, at least on behalf of the federal administration.

1999 marked the beginning of a new government in Belgium. For the first time in 30 years, the Christian Democrats were not part of the governing coalition. The new government was composed of Liberals, Greens and Socialists and they had a project to build an active social welfare state. Their main objective was to give everyone the opportunity to work and participate in society. It might be described as the Belgian Third Way project. It placed the emphasis on activating people, but also on providing opportunities within the economy. Those who are not in the labour market are not solely responsible for finding jobs. It is also the responsibility of government to provide opportunities.

In 1999, the government set up a Department of the Social Economy within the federal administration and organised a first cooperation agreement with the other levels of government – always a necessary step, given the Belgian state structure. A second cooperation agreement followed, which will end in 2009. As it is always difficult to arrive at a precise definition of the

social economy, the agreements established **five criteria** for determining whether an enterprise or initiative falls within that category:

- the primacy of work over capital
- autonomous management (i.e. they are not part of the public sector, although they may receive public funding)
- service to the members or to society is the main objective, rather than profit - although social economy enterprises can make a profit and are encouraged to do so
- a democratic decision-making process, with full participation
- sustainable development with respect to the environment.

So in the agreements, the definition of social enterprises is far broader than simply giving opportunities to people who are far from the labour market. It also, for example, covers alternative energy cooperatives with democratic decision-making structures. The criteria also make it clear that the social economy is not marginal. It is part of the mainstream economy.

In financing the implementation of the agreements, the basic rule was that 1 euro invested by the federal level must be matched by 1 euro invested by the region or community. As the regions and communities are of different sizes, the €15.57m federal budget for the social economy in 2007 was distributed as follows: Flanders 55.7%; Wallonia 33%; Brussels-Capital 10%; German-speaking Community 1.3%.

The objectives of the **first cooperation agreement** (2000-2004) were to:

- Draw up a coherent **policy for the development of the social economy**. This built on Belgium's social traditions and the more diffuse social economy initiatives of the 1990s.
- **Double the employment rate in the social economy**, with attention to the beneficiaries of minimum incomes or social assistance. Since 2002, every person in Belgium has had a legal right to social participation. This includes the entitlement either to a minimum income or to an opportunity to work. Each of Belgium's 589 municipalities has a social welfare centre which provides the minimum income to anybody who is outside the social security system. The aim was to double the employment rate, within the social economy, of those who had been drawing that minimum income.

The three pillars for the implementation of these aims were the social integration economy (oriented towards those far from the labour market), proximity services and corporate social responsibility (CSR). The last point emphasises the need for all enterprises, and not just the social ones, to take responsibility for society.

In the **second cooperation agreement** (2005-2008), the notion of a "plural economy" was introduced, to express the idea that there are different kinds of economic actor and that social values must be present in economic policy. The objectives of this agreement were to:

- Develop the **plural economy** (social economy and CSR). He was not sure that this aim has been achieved, as everybody has continued to use the term "social economy".

- Develop **equal representation of all groups of workers in the different employment measures**. In Belgium, unemployment rates among people of non-Belgian origin are about four times higher than for those of Belgian origin.
- **Creation of 12 000 jobs in the social economy by the end of 2007**. This was part of the government objective of creating 200 000 new jobs in Belgium.

The social economy and CSR were the two pillars for the achievement of these aims.

The outcomes of federal cooperation on the social economy were a leveraging effect on the budgets invested at the regional and community levels and a clear increase in the number of people benefiting from federal employment measures.

Policies developed at the federal level are:

- A **social integration economy** through two measures. The first, known as **SINE**, is targeted at low-skilled long-term unemployed people. It helps them to achieve activation through a job in a recognised work environment. A wage subsidy of about €500 is provided for employers, as well as a reduction of about €1000 on the employer's social contributions. The other social integration economy element is known as **Article 60§7**, after the legislative paragraph concerned. It is targeted at beneficiaries of the minimum income or social assistance, and activates them through a temporary job in a recognised work environment. This also brings them into the unemployment insurance scheme and other social security coverage. A wage subsidy and social contribution reductions are available for the Social Welfare Centres, which are the employers. About 15 000 people a year benefit from this measure, of whom 3000 are in social economy jobs. When the minimum income is being paid out, half of the cost is borne by the municipality and half by the federal state. But in the case of an Article 60§7 job, the proportion reimbursed by the federal state to the municipality's Social Welfare Centre is greater. And for a social economy job under Article 60§7, the federal state will reimburse all costs to the local Social Welfare Centre.
- **Financial support for social economy initiatives**, with the aim of promoting initiatives and professionalising the social economy enterprises. There are **annual project grants** (worth €1 654 165 in 2007). The projects supported are not strongly regulated. The only requirement is that they should clearly be helping to launch or continue new social economy initiatives. Project applications for up to about €1m are admissible. The **ES-Change** programme (2002-2006) helped to professionalise the social economy sector through transfers of knowledge from the "regular" sector. This promoted management skills in the social economy. The programme had a budget of nearly €1m and involved 500 countries. The **Prime +** programme helped social economy enterprises to hire consultants. It paid half of the costs. So the social economy enterprises did not get the consultancy for free. They had to match the state funding. This ensured that they were taking the exercise seriously. The **Social and Sustainable Economy Fund** was established in 2003 to support social economy enterprises through investment credits, subordinated loans or equity investment. It raised €75m through bonds. In 2006, it supported 37 initiatives, and 46 in 2007. It has helped to compensate for the commercial banks' reluctance to finance social economy initiatives.
- **Support for proximity services** through a voucher system. This measure is likely to become more and more important, because it assists households in which both partners

are working, while at the same time improving life for those who might not otherwise have had the opportunity to work. Also, it takes proximity services out of the black economy and puts them on a regular footing, by making them both affordable and easy to use. So the slogan of this programme could be *Make Life Better for Everyone*. The aim is to promote job creation in the service sector. Individuals can use the vouchers to purchase services such as house cleaning, ironing and shopping. The individual user pays €7.00 per voucher. The service provider receives €20.28. The federal state pays the difference. The €7.00 are tax-deductible by the user. This ensures that everyone has an interest in moving into the legitimate economy. The users get the services at a reasonable, tax-deductible price. Those providing the services get all the rights and benefits associated with documented employment. And it also creates opportunities for the social economy. The voucher system is accessible to interim agencies, social economy enterprises and regular enterprises.

- **Corporate social responsibility** measures include **Open Stadium**, in which football clubs encourage those who are far from the labour market to embark on social integration, training and education. This draws on the fact that marginalised people often see professional footballers as heroes. Almost half of the Belgian First Division clubs are now involved in these projects. The idea was taken over from the United Kingdom. The budget for the Belgian programme was €300 000 in 2007, but this was complemented by contributions from the national lottery and some private enterprises. The **Learning Networks** project involves the Chambers of Commerce. It promotes exchanges of views and experience between the regular and social economy sectors about what CSR should be.

At the European level, he emphasised, the important thing to remember is that the social economy is a transversal issue. It needs to interface with policies on the regular economy, social affairs, taxation, enterprise promotion and state aid. Examples of the transposition of European directives impacting on the social economy include a 6% VAT rate on activities such as recycling, which is a major element of the social economy. Social clauses are also being prepared in Belgium, to ensure that public procurement calls can give preferential or exclusive access to initiatives that provide opportunities to unemployed people or special opportunities for training.

For more information, he recommended a visit to www.socialeconomy.be. He and his colleagues would also be glad to answer any questions.

Silke Paasche (FEANTSA, European Federation of National Organisations working with People who are Homeless) asked how funding will be handled after the federal social economy responsibilities are devolved to the regions and communities. Nothing is simple in Belgium, **Julien Van Geertsom** replied. He found it difficult to explain why a federal policy will no longer be needed in this field. But he could give an assurance that Article 60§7 will be continued. This measure concerns social welfare as a whole. Under proposed legislation due to be put to the vote in the Belgian parliament on 15 July 2008, these budgets will be maintained, but the funds will be transferred to the regions, which will continue to have the responsibility for supplementing them from their own resources. But as the social economy is a transversal issue, aspects such as taxation and SINE will continue to be handled at the federal level. So the responsibilities and the funds will be transferred to the regions but some instruments will remain federal. Quite why this should be so was a question which, he suggested, might better be put to the representatives of the regions. **Albert Brandstätter** (Lebenshilfe Österreich, Austria) asked whether the agreement between the federal level and the regions would continue or if it would be replaced by

agreements between regions. **Julien Van Geertsom** felt that, under the current wide-ranging reform of the Belgian state, cooperation agreements will be used more and more. But for regions to make agreements with each other, without involving the federal state, would be highly innovative and new. **Dimitris Ziomas** (National Centre for Social Research, Greece) asked between whom the agreements are reached. At the moment, **Julien Van Geertsom** explained, the agreements are between the federal government, the regional governments and the government of the German-speaking community. They were ratified by the various parliaments. This obviously a complex procedure, as each parliament had first to vote in favour. **Sébastien Perea** added that the agreements are between the federal, regional and community employment ministers. **Dimitris Ziomas** asked what is the role of the Federal Public programming service on Social Integration. **Julien Van Geertsom** said the service is a small federal ministry whose mission is to help people to achieve their fundamental social rights. It reimburses the local social welfare centres when they pay out the “living wage” (minimum income), as well as for expenditure under Article 60§7. And it is developing the legislation on social integration and organising anti-poverty action plans. It distributes subsidies and administers contracts with 17 Belgian cities on issues of urban development and social cohesion. And it has responsibility for the social economy. It has a staff of 175 and a budget of €1.2bn.

Eric Gazon (Ministry of Employment and Social Protection, Greece) asked if there are any figures on the impact of the federal action, in terms of more inclusion and less poverty. **Julien Van Geertsom** replied that the national action plan on social inclusion sets some targets. In the last evaluation year, the conclusion was that there had been no real improvement, but only a stabilisation of the situation as regards housing, activation and child poverty. However, since 1999, activation of those who had been receiving the minimum income had increased by 132%. Article 60§7 had been particularly effective in this respect. Regular evaluations are continuing. Citing the Peer Review’s network expert Ides Nicaise, he stressed that activation is about more than getting people into work. There must also be social activation, which means working on attitudes and providing new opportunities for participation in society. Too much emphasis on the work aspect can quickly push people back into marginalisation and welfare dependence, but with even more problems than before. **Julien Van Geertsom** said he would provide the participants with material from his ministry’s longitudinal follow-up of people working in different sorts of social enterprise. The impact of the social economy on their work careers was evaluated. The follow-up spanned a period of 7 to 10 years and also looked at the impact on their family life, their material well-being and various other aspects. **Sébastien Perea** said there are other studies on the service voucher system. These are fairly recent. They were not conducted by his ministry, but he would provide references.

Albert Brandstätter had found the concept of a plural economy interesting. Many people felt the need to move away from the idea of “not for profit” towards the notion of “social profit”. The Belgian five principles established a useful underlying ideology for social enterprise. But how does the plural economy work in practice? Is corporate social responsibility a reality, or just a marketing concept? Is the social economy part of a wider plural economy, or are there two levels? He also wondered if the plural economy concept would survive the transfer of responsibility to the regions. A problem in Austria is that one region spends twice as much on services as another. Is not the same problem likely to arise in Belgium and other federalised countries? These are very political questions, **Julien Van Geertsom** replied. A good model, he felt, is provided by the EU’s Leipzig Charter on urban development. This says that every level has to meet its responsibilities, but agreements have to be reached about the objectives. In this way, the impact can be increased by working together. If he had all the answers to the questions about the future of the Belgian state reforms, he would probably be famous by now. But he thought that

an agreement approach is a good way of taking different realities into account (such as those in Brussels, Wallonia and Flanders) while still working together. History would judge the Belgian cooperation agreements on the social economy to have been a success. As to ideology, the Belgian attitude is not that the social economy should be “not for profit”. Profit is not wrong. But it should not be the top priority for the social economy. Its priorities should be services to society, human capital and participation. For example, enterprises that promote alternative energy sources may also be regarded as part of the social economy. As for corporate social responsibility, he agreed that for many enterprises it is a form of marketing. Robert Reich, US Secretary of Labour during the Clinton administration, used to be a great advocate of CSR, but in his latest book, he says that he was mistaken, because the objective of a company is to make money. So Reich is now advocating stronger legislation. It is interesting to see that viewpoint coming from an American, as that is not the way that things are working in Europe. The new President of the Federation of Belgian Enterprises is a supporter of CSR. So, Julien Van Geertsom suggested, let us take him at his word and see if the deeds follow. **Sébastien Perea** said that the term “plural economy” is simply intended as a shorthand way of combining the concepts of the social economy and CSR. One way of promoting CSR is to promote cooperation between commercial firms and social economy enterprises. That is why the two concepts were brought together. Exchange programmes and learning networks were established to strengthen these links. As for future differences between the Belgian regions, they already had somewhat different policies in this field, as their presentations would show.

Gerhard Bräunling (European Commission, DG Employment, Social Affairs and Equal Opportunities) asked if the plural economy is seen as dual – i.e. the social economy and the profit-making economy? Or does it have more poles? For example, what about the one-person economy, in other words the self-employed? And what of the small firms, employing 5-10 people, that have no intention of growing but which serve a regional market? In a plural economy, the relationship between the government and all these different types of economy would need to be reconsidered. On the social economy itself, a distinction should be made between social enterprises and their support services, including finance and training. Some Member States and regions take the line that the social economy is underdeveloped, and that government therefore has a responsibility to support it by supporting services for social enterprises, including financial ones. But the two are kept separate. Other states have been attempting an integrated approach, in which providers of services to social enterprises are included in the social economy. What is the Belgian perspective on this? **Julien Van Geertsom** replied that the plural economy certainly does not consist of just one type of initiative. He preferred the equivalent Dutch term *meerwaardeneconomie* (multi-value economy), as it conveys the idea that there must also be values in economic life. The aim in introducing the concept of a plural economy had been to promote exchanges of experience. On the second question, he believed that support must be given both to the social economy and to the regular economy when it provides opportunities to people who are far from the labour market. The attitude must not be that anyone who cannot find a job within a short space of time should go into the social economy, while the regular economy is only for the strong and the highly educated. People must also be given opportunities in the regular economy. Nor should the social economy be restricted to the low-skilled and the long-term unemployed. Diversity is essential, and policies must be developed to support those enterprises, whether within the social or the regular economy, which want to live up to their responsibility to help people.

Presentation of different measures by the regions

Wallonia

Monique Bral (Employment and Immigration Directorate, Ministry of the Walloon Region, Belgium) recalled that social enterprise in Wallonia dates back to the nineteenth century. It gave rise to a wide range of cooperatives, mutual societies and non-profit organisations. These were very active in training low-skilled people. Under the first cooperation agreement between the federal state and the regions, Wallonia focussed on integration via the public welfare services and proximity services. Under the second agreement, emphasis is led on developing real integration enterprises with a social purpose and on-the-job training, and more recently on the IDESS measure (Initiatives to Develop Employment in Proximity Services). As a result, Wallonia has integration enterprises, on-the-job training enterprises, social and professional integration organisations, as well as social economy activities developed by the social welfare centres and other initiatives to develop employment in local and proximity services.

Currently, one of the main measures is the integration enterprises, created in the Walloon Region in 2003 through a decree governing their recognition and financing. The social purpose of the integration enterprises is to ensure the social and occupational integration of low-skilled workers and unemployed people who face difficulties in finding a job. These enterprises provide services to individuals (most of them in the field of domestic work in the framework of the “service voucher scheme”) and/or to businesses in the region. They receive a tapered operational grant over the first three years and a grant per worker over the first four years. Social accompaniment is very important, so a subsidy is also provided for a social worker within the company.

A second important measure is the IDESS, a structure with a legal personality, being a non-profit organisation, a commercial company with a social purpose, or a public social welfare centre. It provides local and proximity services to individuals in the Walloon Region. Activities include small domestic repairs, gardening, etc. for private individuals and services such as social taxis, social shops and social laundries for low-income people. Some IDESS are also allowed to provide cleaning services in small non-profit organisations. The Walloon Region recognises the structures for a period of two years, renewable. Grants are given to the structures per year and per activity, covering part of the operating costs and of the payroll costs.

A third important measure is the agencies for advice on the social economy, established by a regional decree and law dating from 2006. Today, there are 12 recognised and financed advice offices. They provide consultancy services for the creation and coaching of social enterprises. They receive an annual grant.

In the 1990s, the Walloon government established a Commission for the Social Economy within the Social and Economic Council for Wallonia. It also backed the creation of a public limited company (SOWECSOM) which provides financing for new social economy companies and initiatives. A framework decree, to be adopted in 2009, will provide a real operational framework for the Walloon social economy.

The main Walloon policy orientations on the social economy are to:

- Foster initiatives for the social and occupational integration of low-skilled job seekers or people excluded from the labour market for a long time. For this reason, the budgets earmarked for integration enterprises have been continually increased in line with the constant growth of this sector. Following the same approach, the new IDESS measure

will permit the creation of new jobs and activities needing low-skilled workers. The total budget in 2007 was about 24 million Euros.

- Strengthen the partnerships and synergies between the social economy and the regular economy.
- Improve the overall performance of the Walloon economic model and take advantage of new market opportunities that are insufficiently exploited. For example, the PERICLES project aims to create jobs in services to enterprises by bringing low-skilled workers together in small or medium-scale firms. Office cleaning and minor maintenance are among the services offered. The IDESS measure, by providing local and proximity services not supplied by the market or the public authorities, will also contribute to this approach.
- Support management capacities within the social economy by improving the capacities of the advice offices and developing the means for financing structures.

Brussels-Capital

The policies developed by the Brussels-Capital Region are quite new, explained **Philippe Vandemeulebroucke** (Employment and Plural Economy Directorate, Brussels-Capital Region, Belgium). Indeed, the legislative texts establishing the recognition and financing system for non-profit organisations and enterprises were introduced in 2004. The purpose of a non-profit organisation must be the socio-occupational integration of unemployed people facing difficulties in integrating into the labour market. This purpose must be fulfilled through the provision of services or production of goods intended for individuals or the enterprise community. Recognition and financing are granted for 4 years, with the possibility of renewal.

A social economy platform was set up in 2005. This provides advice on the recognition and support of organisations or enterprises, as well as promoting the social economy in the Region. As in Wallonia and Flanders, advice offices have been established to help with applications for recognition. The number of social enterprises in Brussels has risen rapidly from about 25 in 2005 to about 65 in 2008. Over the same period, their turnover has grown from €600 000 to €4.5m. The main social economy sectors are catering, construction and activities linked to the service vouchers. Few social enterprises are active in the IT sector. The legislation may have to be adjusted in order to stimulate further development – particularly as regards finance. Currently, a budget of about €7m would really be needed. Brussels-Capital is relatively generous with its subsidies, so it may need to find other sources of finance, or to be more rigorous in its selection of projects to be supported.

Flanders

Greet Castermans (VOSEC, Belgium) confirmed that the social economy has strong historical roots throughout Belgium. This also goes for the northern part of the country. Based on the development of cooperative movements and cooperative companies, the 1970s and 1980s saw a real boom in experimental learning and business development within what is now known as the social economy. From the '80s and '90s, those developments began to take partially different courses in the different regions, in line with the needs and circumstances in each case. Today, about 80% of policy-making on the social economy is regional.

In Flanders, the social economy aims to respond to the needs and the welfare of the society that it wants to develop. The way that a number of social economy companies in Flanders are evolving is based on this diverse, multi-form conception of the economy. Although she is not herself from the Flemish government, she would now represent its policy, which is not based on the global approach. Rather, it has drawn a few elements out of that global approach, and it mainly focuses on disadvantaged, unskilled people who cannot connect with the labour market. This means that, over the past ten years, the Flemish government has been placing the emphasis on streamlining support systems, in order to achieve better, closer links between those who have difficulty in finding a job and the labour market, which may in the right circumstances be able to provide them with a useful activity in life. The social economy helps to make that link. That is why the Flemish government strongly supports companies that really can provide jobs for target groups who are currently out of work. To fulfil that aim, the management system of the companies involved will vary according to how far the target group is from the labour market.

On that basis, three streams of company development are supported by the Flemish government. The first is the companies offering made-to-measure work – social workshops and sheltered workshops which have now combined within one basic framework. They provide opportunities to people with physical disabilities, but also a large group of socially handicapped people – the long-term unemployed, those without any skills, former drug addicts, those who encountered serious difficulties in their development and education. They need strong support and guidance in order to find employment. The second group is more focussed on local services. These enterprises had been operating on a more or less experimental basis, but were finally brought within a legal framework in 2007. An example of a group supported by such firms is women who, after a long absence from employment, are looking for a job but who have no skills that are readily saleable on the labour market. So these local service companies, or networks of them, are mostly oriented towards meeting very basic local needs within villages or neighbourhoods, and providing local jobs at the same time. For example, shopping for elderly people who cannot do it for themselves may provide a job for a woman who lives nearby.

The work integration companies make the link between the regular economy and the social economy. Companies are motivated to open their doors to people who do not necessarily have the competences to take up a full-time job immediately. By giving them support within a work environment, it should be possible within three years to bring them up to the level of the regular workers within the company.

In all, the Flemish Region is spending about €300m on supporting these companies. This is often said to be a form of subsidy for the social economy. But in Flanders as in the other regions, it is really about compensating those companies for the losses of efficiency and profitability that they experience as a result of helping people into work who might otherwise never find a job.

German-speaking Community (GSC)

Katja Schenk (Employment Administration, Ministry of the German-Speaking Community, Belgium) explained that her community is a small part of eastern Belgium with a population of about 74,000. It has had competence for employment policy since the year 2000, when the Walloon Region transferred this responsibility to it. It is on this basis that the GSC is active in the field of the social economy and more particularly the social integration economy. The GSC recognised the development of the social economy as an alternative to the regular labour market for people facing professional integration difficulties. In line with this approach, it became a

contracting party to the cooperation agreements of 2000 and 2004 between the Federal State, the Regions and the GSC.

The transfer of employment competence from the Walloon Region resulted in the transfer of the Walloon decree of 16th July 1998 regarding the conditions for the recognition and financing of social integration enterprises. This decree was adapted to the requirements of the specific situation in the GSC. However, the first application for recognition was introduced only in January 2008.

Besides this legislative text, which has not proved successful up to now, the GSC has chosen to launch pilot phases to evaluate, on the one hand, the Social Workshops and, on the other, the On-the-job Training Enterprises – both financed by the European Social Fund.

In 2007, as a result of these pilot phases, the GSC presented its renewed pathway to integration, also in cooperation with the European Social Fund. The scheme of this renewed pathway is composed of various steps. The first step is the development of two external measures aiming at a psycho-social stabilisation for people facing particular difficulties in finding a job, before they enter a work relation. In a second phase, the renewed integration pathway aims to develop an integration project. This includes skills-building courses (theoretical and practical) in specialised areas that will open the way to the labour market or to courses leading to higher qualifications. In this context, the GSC mainly benefited from the agreement on federal integration enterprises. From three recognised enterprises in 1999, the number rose to 16 in 2008. In the addition, the GSC had three sheltered workshops which employ over 300 people. Up to now, the social enterprises have all taken on the legal status of non-profit organisations. They are involved in a wide range of activities, such as collecting, upgrading and recycling waste, restoration and sale of spare parts and furniture, second-hand shops, food production, gardening and local neighbourhood services. In 1999, there were 30 jobs in social enterprises subsidised by the GSC. In 2000, the contracting parties to the cooperation agreement decide to double the number of subsidised jobs. So the number set for the GSC was 60. However, by 2003, 116 new jobs had been created. In 2006, 210 new jobs were created. Since 1998, one person in the Ministry has been in charge of the social economy. In 2001, the Arbeitskreis Sozialökonomie (Social Economy Working Group) was set up. This is a platform for all enterprises and organisations in the GSC that are interested in the social economy. Another important contribution in recent years has been the creation of the position of Adviser for the Social Economy, Enterprises and Projects within the Employment Office. This position is co-financed by the federal state and the GSC. The project in the North of the Community started on the 1st of July 2007. In 2004, the Walloon Region provided most of the financing for a part-time adviser in the *Wirtschaftsförderungsgesellschaft*, an organisation which promotes the economy of eastern Belgium. The adviser's role is to help, in particular, social economy enterprises to plan their budgets, increase their cost-efficiency, and so on. Since 2006, the Walloon Region has recognised this position as an advisory agency.

Under the cooperation agreement of 2005, the GSC invested nearly € 405 000 in 2006, of which half will be reimbursed by the federal state. It was spent mainly on employment grants, working subsidies, equipment etc. The social economy is quite a new area for the GSC. Participation in the cooperation agreement has certainly contributed to the development of this sector. The increasing numbers of organisations and social enterprises launching solidarity economy initiatives for vulnerable people, or those facing social and occupational integration difficulties, clearly demonstrate this trend, which is also shown by the evolution of subsidised jobs in the social economy.

Discussion

Antoine Saint-Denis asked to what extent the targeting of measures and the outcomes are convergent in the different regions and communities. **Dimitris Ziomas** pointed out that a range of organisations are involved which have different legal ramifications – the non-profit organisations, the IDESS and so on. Could a social enterprise from one region be recognised as such in another region, or would it have to take on a different legal status? And do the people employed in a regional social economy enterprise have to come from the same region, or is that not a prerequisite? He had not heard any examples of cooperatives involved in the Belgian social economy. Why was this?

Ides Nicaise (Network Expert, Higher Institute of Labour Studies, Belgium) suggested that there is one point of divergence between the different regions and communities which deserves some emphasis. This is the issue of the made-to-measure work companies. These encompass the previous social workshops and sheltered workshops. The sheltered workshops cater for people with disabilities and provide permanently subsidised jobs. One objective is no doubt to get those people to move from the sheltered workshops into the regular economy, but this occurs very seldom. The same applies to the social workshops, which employ non-disabled but very marginalised workers (cumulating more than 5 years of inactivity with other disadvantages such as a criminal record or psychiatric problems). It is difficult to achieve a transition from those subsidised jobs into more regular employment. This particular type of social enterprise is obviously expensive, compared to other types where there is just a temporary subsidy for a learning period of one or two years, or the integration companies where subsidisation is degressive and gradually fades out. Those permanently subsidised jobs are one typical instrument (among others) of the Flemish approach to the social economy, at least as far as non-disabled people are concerned. Other regions do have sheltered workshops too, but this is mainly because they predate the regionalisation of these competences. People in Wallonia, and especially the associations there, would very much like to extend the area of the social economy to also include enterprises such as social workshops and made-to-measure work companies. Up to now, he thought, the Walloon government has been very reluctant to create such companies, because they are so expensive in terms of subsidies. The same, he felt, may be said of the Brussels region. This is the main current difference between the regional approaches to the social economy. As regards the other forms of social enterprise and social employment, there are of course differences of emphasis and quantity, but the typologies apply across the regions.

Monique Bral said the current tendency in Wallonia's social economy policy is to foster initiatives oriented towards the market economy. For example, insertion enterprises have a legal status as other businesses. They are companies with a social purpose, not associations. So, administratively, the responsibility for the social economy depends on the department dealing with economy, not the department dealing with social welfare. In reply to a question, she said that to qualify for Walloon social economy support, an insertion company has to have its head office in Wallonia. She said not know of any cases where workers from other regions come to work in Walloon social enterprises. **Philippe Vandemeulebroucke** said that, although commercial enterprises may certainly have a social objective of integrating people who are far from the labour market, most of the enterprises seeking such recognition and finance in the Brussels region are cooperatives. He pointed out that responsibility for people with mental or physical disabilities does not rest with the Brussels-Capital and Walloon regions. It is a competence of the French-speaking Community. So the situation is not the same as in Flanders, where the region has competence both for the social economy and for disability issues. **Greet Castermans** emphasised that in Flanders, responsibility for the social economy is very much focussed within the economy

department, and not the social welfare department. The social economy is seen as doing business, developing economic activity and providing goods and services. But with some very specific values that had already been touched upon: participative working, different organisational frameworks, goods and activities that are needed by society rather than just being marketed to society, and concern for stakeholders other than the shareholders. The needs to be addressed by the social economy are not the same today as ten years ago, and in ten years' time they will have changed again. So innovation is needed in social enterprises. This also has policy implications. Flanders has opened up some new investment streams. Enterprises are innovating and are receiving high subsidies in order to do so. Regarding social enterprise across regional borders, she said this is not possible as the subsidies are provided by the region. Flanders does have many cooperative structures. The cooperative movement perhaps went through a bit of a lull over the past ten years or so, but now it is developing again. The reason why cooperatives are rarely mentioned in the policy papers is that they are not subsidised. They are independent businesses and the government, at least in Flanders, does not set goals for them. **Ides Nicaise** agreed that cooperatives are active in the regular economy. They are also active in the social economy, but the subsidies available are not directly linked to the question of whether an organisation is a cooperative or not. Various legal forms are eligible for recognition as part of the social economy. One such legal form is the "company with a social purpose", an umbrella status created by the federal government a few years ago in order to grant fiscal and federal social security advantages to companies in the social economy. This legal form is, in theory, more important than whether an enterprise is a cooperative or not. **Julien Van Geertsom** said the cooperatives have indeed been innovating and taking part. In fact, one of the federal government's "ambassadors for the social economy" was a cooperative. One important new variant enables somebody within a cooperative to start up their own business, but while still remaining within the cooperative and being protected by it. He felt that the different Belgian regions really have the same approach to the social economy. They just give different names to its various components. When benchmarking their social economy, the Belgians always look to Scandinavia, but never to their own neighbours. That is a pity, because the Belgian regions could learn from each other. Combined efforts would produce better results. For example, recognition by one region is not transferable to another region. Up to now, the federal level decided on eligibility for Article 60§7 throughout the country. Now, that competence is being handed over to the regions. Perhaps, in the next phase, social economy competences will be brought back together again, because people will have seen that they are more effectively handled in that way. While agreeing that the social economy is a business, he felt it would be a mistake to equate it with regular business. It is a different kind of economy, with values. It places solidarity at the centre of its activities. The social economy should not be part of the competences of economy ministers, who are preoccupied with competition and the free market. So the social economy would end up taking a back seat. He thought that social departments should be made into "major departments", so as to make the social economy visible and to give it a place within government.

Diana Dovgan (CECOP – CICOPA Europe - European Confederation of Worker Cooperatives, Social Cooperatives and Social and Participative Enterprises) pointed out that the relevance of business and employment cooperatives will depend to some extent on the relative attractiveness of self-employed and employee statuses. This varies from one European country to another. In Spain, for example, the self-employed have a more advantageous status, so business and employment cooperatives do not play a major role. So the Belgian experience of business and employment cooperatives would certainly not be transferable to all European countries.

Antoine Saint-Denis emphasised that, in the European Union, it is important to make the link between the social economy and the current debate about social services of general interest

(SSGI). The European legal framework on this is that monetary or other types of privileges given by public authorities can be accepted as long as they are necessary in order to achieve the social result pursued, that they are proportionate, and that there is a specific entitlement to the entities supported by the public authorities. He was certainly not mentioning this in order to launch a legal discussion, but simply in order to recall that this European policy concerning SSGI is part of the landscape for the social economy. In particular, the requirement for proportionality made it important that the present Peer Review should consider the effectiveness of the social economy and the means of measuring that effectiveness. **Gerhard Bräunling** said that experience during the implementation of the EQUAL programme had shown that the situation varies greatly across Europe. One point to emerge was that the promotion of the social economy can be based either on belief, namely the belief that it is a necessary part of the social system, or else on evidence, namely the evidence that it produces certain advantages and benefits. That is why EQUAL supported quite a lot of projects dealing with the social return on investment, social audits and so on. He asked how Belgium handles benchmarking. Also, managing a social enterprise, like any enterprise, requires certain skills. Some countries put a lot of effort into promoting entrepreneurial skills. But how far does that apply to the social economy? What is the business case for public support? And what is the situation in Belgium? **Julien Van Geertsom** replied that he did not want to make a choice between belief and facts. We have to promote a social economy on the basis of a vision, and that vision is that everybody in society has fundamental rights. In practice, the achievement of social rights depends on the right to find employment, to participate in one's work and to be given opportunities. That might well count as a belief, but for him it is an essential part of modern democracy. But policy does also have to be built on facts and figures, and he agreed that a return on social investment is important. His service was now preparing a project, although he did not know whether they would be able to complete it, for an observatory of the social economy. This would produce more facts and figures for an analysis of the effectiveness and impact of the social economy. As to managerial skills, the ES CHANGE project had been aimed at professionalising the social economy through an exchange of experience between the regular sector and the social economy. This involved discussions between the managers of big plants and those from small social economy initiatives. The consultancy subsidies had also assisted professionalisation. A master's in social management at the University of Antwerp had been subsidised by the government. The social economy is full of enthusiastic people with brilliant ideas. We must help them to turn those ideas into projects that have a real chance of survival.

NGO statements (European stakeholders)

European Network for Social Integration Enterprises (ENSIE)

Patrizia Bussi said that ENSIE's aim is the representation, maintenance and development within the European Union of networks and federations for the social integration economy in Europe. It unites social enterprises whose main aim is to create and provide employment opportunities for people far from the labour market. These enterprises are just one part of the social economy. They are distinguishable by three principles:

- A social objective: they try to achieve the social and occupational integration of excluded people.
- They have decided to stay within the economic system. So these are market-oriented enterprises.

- A pedagogical dimension. They train people for a particular job, but at the same time they help to empower people's skills, including through a participative system.

Typical employee disadvantages which, among others, are present in the social enterprises include:

- Low-level qualification and/ or no school certificates
- Problems of work biography or migration biography (e.g. qualifications no longer required, qualifications not recognised, repeated periods of unemployment, precarious employment)
- Age discrimination – against both young and old
- Personal problems (ill health or adversity in their personal lives).

This “disadvantaged worker” category does not include people with disabilities. They are covered by other forms of assistance and subsidy.

In the European context, it may be said that the social integration enterprises give concrete employment opportunities to people who are far from the labour market or who are otherwise disadvantaged. Social integration enterprises have been in existence for more than 25 years now – for example, in Belgium, France and Italy. There is no special common legal status for them. It varies from one European country to another - from non-profit organisations to limited liability companies. In some countries, there are specific statuses, such as social cooperatives and enterprises with a social purpose. There is also a variety of schemes to create employment opportunities: social integration enterprises can be oriented either towards training people and creating employment in other private enterprises or to creating employment within the same social integration enterprise – even after the subsidies end. The different legal and cultural frameworks influence this orientation.

Social enterprises are not composed of disadvantaged people alone. They make up only a certain percentage of the employees. What all of these different enterprises have in common is a personalised approach. People need continuing support – even after they have moved on from a social integration enterprise into a regular one. Social integration enterprises must remain part of the regular labour market. They are the partners of regular enterprises, not a threat to them. There must be cooperation between the two. A holistic approach is important, as there are strong links between employment and other issues, such as housing and financial problems. So all the stakeholders must be involved, including NGOs working in other fields and the public authorities.

Evaluation is important, in terms of numbers but also of the social aspects. The length of social integration support needs to vary from one individual to another. Some may be able to get back into regular employment within six months. For others, it may take two years. Social integration enterprises are value-based, and can be supported on the basis of those values. A common pattern has been that the social integration enterprises pre-date the legal frameworks created for them. In Spain, for instance, a legal status is being created only now, although social integration enterprises have existed on the ground for more than thirty years now. She suggested that new EU Member States should not delay in creating such a status.

European Confederation of Worker Cooperatives, Social Cooperatives and Social and Participative Enterprises (CECOP – CICOPA Europe)

Diana Dovgan said CECOP represents, at the European level, around 60 000 enterprises employing 1.3 million workers active mainly in industry and services. There are two types of social cooperative. Type A provides social services to the community. Type B provides labour insertion for disadvantaged people. Almost all of the social cooperatives are worker cooperatives, meaning that at least 50% of their workers are members. The cooperatives are one of four structural components of the social economy family. CECOP was very satisfied that cooperatives were among the Belgian sites to be visited by the peer reviewers.

The social economy sector employs over 11 million people. A significant proportion of those workers, about 3.7 million, are working in cooperatives. There is a need to go beyond the notion of “work integration social enterprises” (WISE) when discussing the social economy from the perspective of active inclusion. Social enterprises do not have the benefit of a legal status and a common European definition. The various entities that define themselves or are defined as such generally fall under one of the four structural components (co-operatives, mutual societies, foundations and non-profit organisations).

There is a need to clarify what is meant by “disadvantaged” people or groups in this discussion. The term should not be restricted to people who are far from the labour market. The working poor should also be taken into account – those facing low wages, precarious employment, multiple part-time jobs, unpleasant working conditions, potential economic exploitation and so on. Two elements are vital to the active and long-lasting inclusion of the disadvantaged groups:

- The workforce should be composed of both disadvantaged and non-disadvantaged people.
- The disadvantaged workers should be involved in the enterprises’ management.

Worker ownership, and worker participation in enterprise management, is one of the main values of our cooperative model. Even the disadvantaged workers are encouraged to become members on condition that they are in possession of their civil rights. These conditions guarantee the best labour and social integration of those specific groups.

In CECOP’s view, the status of “disadvantaged” provided for under the EU’s Block Exemption regulation should be extended to the workers of enterprises in crisis or of enterprises without heirs, who face unemployment and who purchase or are granted the management of their own enterprise collectively in order to avoid unemployment through a business transfer. This status should be given for a limited period of time needed to overcome the crisis in the enterprise, and on the condition that a sustainable business plan has been approved and that adequate enterprise support is being provided for. In fact, business transfer to employees under the cooperative form ensures the protection of existing jobs and the transition towards sustainable and quality jobs. At the same time, it should be strongly emphasised that the transformation of enterprises into cooperatives, especially enterprises in crisis, requires a high level of expertise and the existence of several complementary support institutions of the social economy in order to ensure the maximum chances for those enterprises to become viable entities through their transformation into cooperatives. Workers left to their own fate in this process have much higher probabilities of failing.

A second important issue for CECOP is the quality and sustainability of jobs. The social economy cannot be reduced to offering job opportunities to disadvantaged groups, as the solution in social inclusion through employment is not only to provide job placement. The success of the inclusion will depend on the quality of jobs and their ability to last. This is why the main trend among social cooperatives is to provide permanent employment.

Also, the social economy should be seen as a democratic will and impulse. The social economy does not grow solely through the dynamic provided by public policies promoting it. As a member-based, citizen-based type of economy, it can grow only by the democratic will and impulse of those very members and citizens. Of course, public support is essential to the sector, but this logic cannot be inverted. The growth of the social economy requires the creation and development of support structures - banks, non-banking financial institutions, training centres, providers of advisory services etc. Examples are CFI (Italy), Mondragon (Spain), SCMVD (Czech Republic) and Coompanion (Sweden). The creation of those support services should be encouraged by the State, and their funding should be decreasing in order to maintain the “bottom-up” logic. The social economy, if seen in a long term developmental perspective, cannot be reduced to a micro-economic dimension. This would be a fundamental strategic error, as proven by a score of best practice models in different EU member states and around the world.

For an assessment of the potential transferability of the policy or measure in this field, it is important to take into consideration not only the number of jobs and social enterprises created but also, and primarily, their duration.

European Federation of National Organisations working with People who are Homeless (FEANTSA)

Silke Paasche explained that FEANTSA represents regional and national networks of service providers for homeless people, including shelter and housing but also employment services. “Employment and homelessness” was its theme for 2007, so it drew together in a European report the findings of an in-depth consultation with its members in 16 EU countries on this issue. Homeless people are furthest from the labour market and are multiply disadvantaged. The majority of homeless people in the EU are unemployed or economically inactive. They lack employment opportunities that are adapted to their needs. Although they qualify as disadvantaged, in practice they often cannot access supported employment opportunities in the social economy. There is a “creaming off effect” under which social economy employers tend to choose and keep those workers who are certainly disadvantaged, but who have the least disadvantage and the most skills in comparison with other excluded people. This creaming off is often linked to the way in which social enterprises are funded. They receive support for the jobs, but one requirement for the funding is that the productivity of these workers should increase. So the social enterprises have an interest in choosing those disadvantaged people who have more skills. Also, employment contracts are often not flexible enough to permit working with people on a day-to-day basis. This can make it difficult to hire drug-dependent people, for example. Social enterprises also tend to employ people full-time, which does not suit everybody. There is often a lack of the very low threshold services which are needed before people can participate in supported employment – such as life skills training (conflict management, time management and how to acquire basic skills). For the reasons cited, the people most able to move on into the regular economy may stay blocked in the social economy, as social enterprises have an interest in retaining the most productive workers.

To adapt the social economy for people with multiple needs, a pathway approach is required. A wide range of employment services have to be offered, starting with the very low-threshold ones but also including supported employment. Then, if people move on into the mainstream labour market, there should still be the possibility of giving them in-work support. To offer this wide range of services, adequate funding is needed, as well as incentives for social economy employers to work with the most excluded groups. There is a need for better cooperation between different sectors for the provision of holistic support. For example, FEANTSA's Flemish member organisation points out that only 33% of the homeless shelters in the Flemish region have cooperation agreements with the social economy.

The social economy does not see itself first and foremost as a provider of job opportunities. So if we discuss the active inclusion of people furthest from the labour market, we cannot reduce this to a consideration of the social economy. We also have to look at employment opportunities in the mainstream labour market.

Feedback from the site visits

Participants split into three groups which visited social economy enterprises in Brussels, Flanders (Leuven) and Wallonia (Mons). They then reported back on their impressions.

From the visit to Leuven, **Albert Brandstätter** picked out the *fietspunt* (cycle point) initiative as one that combines a highly useful service to the public with job opportunities and training for those who might not otherwise find employment. He would be recommending a similar project in Austria. Cyclists in Leuven used to have a serious problem. If they wanted to take a train, there was nowhere they could leave their bicycles at the station. But several initiatives are now providing *fietspunten*, which are a sort of garage for bikes. These have been financed by the railway, the city and a bank. They are very well-ordered, providing secure space for hundreds of bicycles. At present, no charge is made for this – except for the special compartments available for luxury bikes. A basic repair service is also available, as are bike rentals. The *fietspunten* are run by the non-profit organisation Velo, which provides a job, coaching and training for people who have difficulty in finding employment.

Three site visits in the Brussels region were summarised by **Patrizia Bussi**. One was a cooperative where people who would like to become self-employed can be hosted for a year in order to try out their proposed activity. After that, they were supposed to leave the cooperative and become completely independent. That was the original idea, but it has been modified. Now, people stay on beyond a year in another, linked cooperative and help to train the new arrivals. The second visit was to local development initiatives which recycle computers and train people. These initiatives also have strong links with countries of the South, in order to promote the strategy they call a global social economy, with full environmental sustainability. Finally, the group visited a non-profit organisation which renovates buildings, both for schools and for private residents. It concentrates on integrating people into employment for two years, after which either they find a job in the regular labour market or they are entitled to unemployment benefit. She had found the visits very interesting, as they showed three rather different approaches to helping people who are far from the labour market. **Polona Samec** (Ministry of Labour, Family and Social Affairs, Slovenia) had been impressed by the high success rates of these projects – in each case, reportedly 50% or more of those taking part end up either in employment or in self-employment.

For the visitors to Wallonia, **Lucie Brančiková** (Union of Czech Production Cooperatives) reported that the Ekowatt cooperative provides training and jobs for long-term unemployed people while at the same time promoting solar energy. Tax deductions are available at the end of the year for people who have produced a certain amount of energy from the solar panels that they have had fitted. She had appreciated this practical combination of the environmental and social inclusion aspects of the social economy. But Ekowatt had also provided a useful insight: there is no point in teaching people a job to which they are fundamentally unsuited. Before training people as solar panel fitters, it now first tests whether they have a head for heights. Within the same cluster of social enterprises, another was Esthetic Car. Its employees, who used to be socially advantaged, wash cars by hand – but in a particularly thorough way. For example, they take the seats out and clean them properly. They completely “rejuvenate” a car, which is what attracts the customers. The third social enterprise was Age d’Or, which provides ironing, laundry and cleaning services. This gave the visitors an opportunity to learn more about the service voucher system, from which Age d’Or greatly benefits. However, she had noted that commercial enterprises also have access to the service voucher system. Age d’Or employs mainly long-term unemployed women. She had seen these projects as good examples of a policy that really works.

Dimitris Ziomas was impressed by the service voucher system, which is a federal government initiative. He applauded its aim of getting people out of the black economy and into regular employment and felt this could usefully be emulated in other countries. He wondered if some of the enterprises visited in Mons could survive purely on integration subsidies if the service voucher system were ever stopped. If not, what measures could be taken to ensure their survival in such a case? As the service voucher system is also open to private enterprises, why would people prefer to take their custom to social enterprises if the prices are the same? Do the social enterprises provide higher quality? Or are the social enterprises’ customers motivated by ideas of local solidarity and community self-help? **Bérengère Steppé** (Social Economy Department, Federal Public Programming Service on Social Integration, Belgium) pointed out that not all of the enterprises visited in Mons use the service voucher system. It applies only to the ones doing laundry and cleaning.

Julien Van Geertsom reported that, while the peer reviewers were on their site visits, the Belgian parliament had held a debate on the service vouchers. The present employment minister stated that at least 80 000 jobs had been created over the past four years through the service voucher system. This was at a cost of about €700m to the Belgian State. However, the pay-back, through additional tax and social contribution payments, was about €350m. So the net cost of making life better for people - by providing jobs for some and much-needed services for others, particularly households where both partners work – was €350m. Was that too much to pay? He did not think so. Certainly, this system would not be viable without state subsidies. These compensate for the price difference between a black economy service and a service provided people with proper social, tax and pension coverage. So the service voucher system is to everybody’s benefit. But the social economy invests in training and accepts lower productivity in order to help those who are far from the labour market. So it is now being argued that the social economy enterprises ought to be reimbursed for the productivity losses incurred. This implies paying more to the social sector and less to the private sector. To attract customers, social enterprises must certainly provide good service and have good communication skills. Solidarity can be a selling point. The “fair trade” movement has shown the way here. **Greet Castermans** warned that, although the service voucher system has brought many benefits, any new EU Member States who might be thinking of adopting it should also be aware of its downside. Only about 10% of the 43 million vouchers that would be used in Belgium during 2008 would go to the social economy. The rest

would go to commercial businesses. And 75-80% of the employment generated is in the interim sector – short-term, temporary contracts. So the agencies have really piggybacked on the voucher system. This does not match the vouchers' aim of building up long-term, reliable jobs. Another cost disadvantage facing the social economy sector is therefore its emphasis on providing permanent contracts. This means that if the voucher's value to the service provider is reduced, as happened in 2007 when it was cut from €21 to €20, one sector really suffers – the social economy. The service voucher system is a good idea, she felt, but the social economy should have been more strongly involved in its design from the outset. This had been partly its own fault. It had not shown sufficient interest at the beginning of the discussions. **Julien Van Geertsom** thought the interim sector should not be excluded from the system, but there should be a variable pay-back, depending on training, long-term contracts and the quality of jobs. In Belgium as in many other countries, the interim sector has one of the most powerful employer lobbies. So those who want to adapt the system will also have to lobby in a more structured way.

Roger Spear emphasised the interest throughout Europe in using voucher systems for individual purchase of welfare and other services. Belgium is one of the pioneers and some of the lessons from its experience will be useful for others. There is some control on service providers' entrance into the Belgian voucher scheme through the accreditation system, he suggested. Whether that control is exerted or not is a different matter. A balance needs to be struck between creating permanent jobs and creating short-term training experiences and placements into the main labour market. In the UK, the emphasis is more on short-term training, by social economy structures, and placement. The initiatives visited in Belgium had been very much about creating permanent jobs. The Italian social cooperatives have a mix of the two. There may be an argument for giving more people short-term training, even if the macroeconomic situation suggests that their chances of finding a job will be limited. He had also been impressed by the high level of both technical and social innovation in all the initiatives visited. Ironing for example, which can be a very lonely occupation, had been collectivised, leading to greater social communication and more scope for training and other support. In the social economy, it is often groups and organisations that seize entrepreneurial opportunities, rather than heroic individuals. Age d'Or, which has developed a group structure, is a good example of this. As a group of social cooperatives, they were able to manage economic weaknesses in one of their members over a period of time. Similarly, the Italian *consorzi* system has meant that there have been almost no failures among the social cooperatives there.

Day 2

Presentation of the discussion paper

Roger Spear recalled that European employment policy has undergone a major shift from a focus purely on unemployment to a concern that the employment rate should be high. That rate varies hugely, from around 50% in Italy to well over 70% in the Scandinavian countries. For example, an official report in the UK, known as Freud report¹, called for an increase in the employment rate to 80% and the creation of 3 million jobs in 10 years – which, he said, is extremely ambitious. There has also been a recognition that some people remain stuck in

¹ Reducing dependency, increasing opportunity: options for the future of welfare to work. An independent report to the Department for Work and Pensions by David Freud.

inactivity and rarely get into employment. So there is a big issue of social exclusion. European statistics over the past 20 years show a rise in the number of people classed as “disabled”. In many people’s view, this represents a form of hidden unemployment. This issue is also now being addressed. At the same time, there has been a move towards active labour market measures – i.e. trying to improve the information for matching people to available jobs, placing greater emphasis on training, and looking at the whole chain from when somebody gets out of work to new skills development, work placement, the subsequent phase, and at how all of this can be done better. The emphasis here is on customising support, profiling different pathways, giving personalised counselling and recognising that in some cases, this implies the involvement of different ministries. There is a need to integrate services across a bureaucracy. There is also a greater emphasis on the development of basic life skills, such as getting to work on time.

Various underlying approaches to getting people back into work include policy changes to remove poverty traps, through adjustments to family credits and tax systems. It is recognised that a range of social risks need to be addressed in order to help people back into employment. Frequent updating of skills is another requirement of the present-day knowledge economy.

But for the more disadvantaged, these sophisticated active labour market policies have not always worked. Around Europe, the social economy has been particularly successful in addressing the needs of the more disadvantaged – although it does not, of course, want to be known for that alone. From the peer reviewers’ comments, it had become clear that, across Europe, there are various levels of support for the idea of a social economy. Each country has a different historical development and sees the area between the market and the state in different ways. Legal forms vary. In Italy, cooperatives do things that would be done by non-profit organisations in Belgium. And in some countries, “social economy” is not the term used to integrate cooperatives, mutuals, associations and foundations. In the UK, it would be called “social enterprise” or “the third sector”. Flexibility is needed about the terms used. Terminology should not hide the idea that bringing together these different parts of the third sector is important for political and policy reasons, as well as for mutual learning. Bridges need to be built between the different pillars, notably the non-profits and the cooperatives. Spain and Italy have shown the way on this.

In Belgium, there are some big differences between the communities in terms of employment and social exclusion. These are reflected in the social economy priorities. Across Europe, initiatives vary in terms of temporary and permanent jobs and temporary and permanent subsidies. In some countries, there is an overlap between the two. Integration with permanent subsidies also exists for the permanently disadvantaged and disabled. And there is socialisation through work or productive activities for people who are still at some distance from the labour market.

One point to emerge from the Belgian experience is the importance of support structures for the social economy. The political dimension is particularly important here. For example, some years ago, New Zealand (where the co-operatives were not sufficiently active politically) revised its company law in a way that made it virtually impossible to form cooperatives. The support can sometimes come from the State or from social economy-owned structures. Currently favoured in many places is “braided support”, which is a combination of both. Consortia, franchises and replications are becoming an increasingly important theme in the social economy. Indeed, the present review might wish to think about product ideas that would be transferable right across Europe in a more organised way. There is growing interest in web-based forms of social investment, peer learning and support. Giving a building to a support organisation is a good way of ensuring that it is sustainable and more effective and offers a wider range of services. So in

many countries, there has been an emphasis on persuading municipalities to give an asset to the social economy support structures.

In terms of good practice that might be transferable, one idea to emerge strongly from this Peer Review was the plural economy and building a relationship with the private sector. This is a more macroeconomic approach, emphasising the formation of policy. Corporate social responsibility is one of the areas where the private sector is more oriented towards issues of social exclusion and towards developing a relationship with the social economy.

The capacity to innovate had been particularly impressive in the Belgian enterprises visited. The peer reviewers might wish to discuss which of these had caught their imagination and might be transferable. Also, how can the social economy's innovative capacity be sustained and supported? Could product ideas be shared internationally beyond the present meeting? There is considerable evidence that European networks such as this one have been important for the transfer of product ideas.

Managing risk is an issue. Here, both subsidies and support organisations have an important role to play. Most social economy organisations are quite small, and it is known that typically 10% of small businesses fail. The countries with the most developed social economies have the most developed social economy institutions, ranging from technical to financial support bodies. A collection of cooperatives is a good idea, such as Age d'Or or the Italian *consorzi*, where a municipality has about a dozen social cooperatives organised in a small consortium and some of the managerial tasks, contract negotiations and marketing can then be handled at the municipal level.

Welfare benefit reforms in a number of countries are setting out to establish a temporary intermediate status for disadvantaged in work integration social enterprise, where benefits can still be drawn while an income is built up.

On service vouchers, he had calculated from the figures given by Julien Van Geertsom that they create employment at a cost of just over €4000 per job. That is really not bad, when compared with the subsidies paid to create jobs in the hi-tech industries.

Discussion of transferability aspects of the policy by peer countries

The participants split into two working groups, which discussed transferability. They then reported back to the plenary.

For one group, **Eva Johansson** said there had been some difficulty in achieving a consensus. However, agreement had been reached on a number of points. The group wanted to make two fundamental statements: that the social economy is just one of the tools for social inclusion; and that the social economy is more than a tool for social inclusion. It had found the Belgian agreements quite useful, as they help to define the social economy and social enterprises. This makes it easier to work in the sector and with the sector. Support structures, the group felt, should support participation, self-organisation, advice, education, facilitatory processes and means of finance. The legal framework should be supportive and not hindering. It should recognise the social economy as a third sector, assign roles to it, and provide means of controlling the sector. This legal framework should be developed with the participation of the public sector and the social economy – and the private business sector when appropriate. The group also had some discussion about platforms, councils and different kinds of arena for

meetings between the public sector and the social economy and, when appropriate, private business.

For the other group, **Albert Brandstätter** emphasised the very different cultural and policy backgrounds to the social economy in the various participating countries. For example, in Austria there are thousands of organisations (NGOs, NPOs, voluntary organizations) active in what might be regarded as the social economy, but only specialized organizations define themselves as social economy enterprises. The word “social” has different meanings in different national contexts. Some group members had doubted whether any business activity can be called “social”. Different societal traditions play a role here. In some nations, “social” means social security. For others, “social” is not incompatible with the idea of business enterprise. These differences have important implications for the transfer of social economy concepts from one national setting to another. That said, a number of interesting points of possible transferability had been identified. The group emphasised that the excellent Belgian presentations and site visits had greatly contributed to bringing these points out. The main considerations about transferability were:

- For the social economy to function well, there needs to be a consensus among the stakeholders that it is a useful tool and that it is to the benefit both of an inclusive society and of a plural economy.
- The agreement approach used by Belgium is quite helpful. Part of that agreement must be a usable, not overly complicated definition of the social economy.
- The Belgian five principles are a good point of departure for action at different levels. They can help to identify a more functional typology of all the values of social enterprise, and so promote greater visibility of the sector.
- The social economy is a transversal issue. Social, economic and other ministries should be involved. This means that funding issues have to be clarified. The Belgian voucher system was seen as particularly useful, as it is both a transversal and an initialising form of funding.
- Flexible legislation is needed which both takes account of the specific needs of the social economy and integrates it into the wider economy.
- Some country representatives felt that specific arrangements are needed for targeted groups. Institutional mechanisms should be developed at the local level, including through partnerships that take account of different stakeholder needs. This also raises the question of the appropriate governance responsibilities. Should they be national, regional or local? And should they be within one ministry or, given the transversal nature of the topic, be spread across several ministries?
- Support for social economy projects must respect the freedom of their activities, whether they are transitional, service-oriented, consultative or providing training and employment.
- The social economy needs to be developed in a way that meets the needs of its clients, but also promotes an inclusive society and full employment.
- Business advice should flow in both directions – from the private sector to the social economy, but also vice versa. The social economy has competences to offer in terms of

participatory management, stakeholder involvement and achieving high impact with low resources.

- Cooperation between the different social economy actors should be stepped up, so as to create a stronger public image for the sector.
- Further development and implementation of the social economy should be based on constant dialogue among all the stakeholders of society, the social economy, the private economy and the public economy. Such a platform will also increase the visibility of the social economy. National and international networks can help to create such alliances.

Some open questions remain. How do we deal with the transversal nature of the social economy? Where should it be located in legislative and administrative terms? Where should the balance be struck between a social culture and economic rationality? How, in a more mobile society, can the specificities of rural and urban settings be taken into account? Which social welfare model is most appropriate – Bismarck, Beveridge, Scandinavia or a new European blend of them all?

Relevance and key learning elements for peer countries and stakeholder representatives

On the basis of the discussions, **Roger Spear** emphasised two issues of interest.

- **Social enterprise legislation.** There has been a lot of legislation in this area. Very often, it has followed the initiatives. In Italy, the legislation came ten years after the first social cooperatives were formed. Although the social economy can operate quite well under legislation that was not designed for it, specific legislation does help to create a brand image for the sector. However, take-up for the equivalent of social enterprise status varies greatly from one country to another – for instance, 7000+ “social cooperatives” in Italy (under legislation dating from 1991), 2000+ “community interest companies” in the UK (legislation in 2004), but only 94 “collective interest cooperative societies” in France (legislation in 2002).
- **The very diverse contexts and levels of social economy development in the countries represented in this Peer Review.** In terms of legal form, there has clearly been some copying between countries. Here, care must not be taken not to simply copy bad legislation. Nor can provisions be transferred from one national context to another without adjustment. One type of institutionalisation that can be seen across Europe is the registration of social enterprises, which can permit greater control of entrance into the sector. The level of institutional development varies. There are very highly developed institutional structures, with financing, federal bodies and policies specifically oriented towards the initiatives. Italy is the best example of this. The next category down is the self-labelling or self-accrediting forms of social economy enterprise. An example is the UK, where social firms use the same legal structures as other types of enterprise, but have their own federations which give them identity and support while promoting knowledge-sharing and standard-setting. At the lower level, there are fragmented, ad hoc, experimental initiatives. In these situations, the wheel is reinvented each time a new social enterprise is created. There is no institutional infrastructure for sharing knowledge and disseminating best practice. This is not an “Old Europe/New Europe” divide. For various reasons, many countries in “Old Europe” have a more restricted view of the

social economy – for example, Germany, due to its concept of the social market economy. So there can be ideological barriers to the development of a social economy.

Roger Spear went on to outline a number of mutual learning points from the meeting:

Legal forms can be useful as long as they are not overly restrictive. Because of that, it is important to develop them in partnership with the stakeholders who will be using them. The development of social economy strategies will depend on different institutional developments and historical contexts. There are various different ways of coordinating the four pillars – cooperatives, mutuals, associations and foundations. The discussions had shown that exposure to the more highly developed Belgian model had helped the participants to think about their own future strategies.

The importance of **cooperation and partnerships** is demonstrated by the Belgian experience – within government (between the national and regional levels), and across the public, private and third sector economies. Dialogues and arenas are needed in order for discussions and partnerships to take place. That also applies to cooperation between ministries, as the social economy is a transversal issue. The various levels of cooperation needed can be seen in the fund-matching agreement between the Belgian federal and regional authorities but also in the idea of proximity services, where relationships are being built between communities, local authorities and social economy players to deliver community services.

He also noted a major debate about **ideas and terminology**. What narratives need to be told about the social economy in order to make it coherent to national governments and other actors? What is the vision for the social economy in each country and how can that vision be made relevant? Terminology such as “third sector”, “plural economy” and “corporate social responsibility”, the Belgian idea of five simple social economy principles, and the building of an evidence base are all parts of the effort to construct an identity to accompany the more pragmatic infrastructure.

Innovation had been a key theme of the seminar. Many participants liked the way in which Belgium links the social economy to innovation, notably environmental sustainability, and they would be taking that idea back home. Innovation is a particularly good way of establishing a link between the interests of income generation and those of consumers and public procurement.

There is a need to **improve the capacity of social enterprises**. The competences of managers, support staff and workers should be strengthened, as well as support structures (finance, contracting out, registration). Support for self-organisation is also needed. Self-organisation is the added value of the social economy. It is a great power for change if it can be released. A “mid-European” model of social economy should perhaps be developed, to overcome certain ideological hesitations in the central part of Europe – perhaps due to the communist past.

One way of **improving the measures to support the social economy** might be to differentiate more between different target groups. Some participants had expressed the concern that too much integration of different functions might lead to a loss of quality control.

Great interest had been generated by the **voucher system**, and this had already been extensively discussed.

There had been some mention of the **differences between rural and urban areas**, although this had not been much discussed. Rural poverty is certainly a major issue which may require particular strategies.

Disadvantage and disability are overlapping areas, and we are likely to see more complementary strategies to tackle them in future.

The social economy is a tool, but it is more than a tool.

Closing remarks

On behalf of the European Commission and the participants, **Antoine Saint-Denis** thanked Belgium for proposing such a fruitful topic, and for the excellent organisation of the Peer Review. He also thanked the organising consortium and the thematic expert. He was sure that the Peer Review had given rise to mutual learning and enriched thinking. He wished to make five points about the social economy as seen from a European social inclusion perspective:

- **The social economy plays a key role in giving disadvantaged groups access to the labour market.** But there is the potential for much more impact, given the employment and unemployment figures, the need for better labour market participation by disadvantaged groups and the uneven development and structuring of the social economy across Europe.
- **Social economy values are highly consistent with the common objectives for social inclusion agreed at the EU level** – i.e. not only tackling poverty but also giving everybody access to resources, rights and services needed for participation in society. The social economy demonstrates that employment is the best protection against poverty and a key component of social inclusion. It shows that employment is not reserved to people who are already included and that social and professional integration go hand in hand. It also combats stereotypes that may diminish the effectiveness of integration measures. This is one of the most important values added by the social economy. So are personal dignity and the right to be an actor influencing one's own situation in life. The right to speak, which some social economy organisations give their participants, is not a luxury to which attention should be paid only once people have been brought out of emergency situations. It is a requirement in itself.
- **The social economy promotes social innovation.** For example, proximity services have a very positive impact on reconciling professional and private life, gender equality, the quality of family life, and care for children, older people and people with disabilities. It is interesting to note that those who are themselves facing difficulties are in the front line in providing solutions for fundamental social needs. So the social economy is good not only for individuals but also for social cohesion. Projects with a positive environmental impact are another important aspect of the social economy's innovative nature. It is no coincidence that no less than five of the projects visited by the peer reviewers are contributing to sustainable development. They had seen examples of waste recycling, clean transportation using bicycles, and advice on reducing energy consumption at home. So far, the interactions between social inclusion policies and sustainable development policies have not been so visible at the national and European levels, even though they are known to be complementary on the ground. These policy frameworks will certainly converge much more in the coming years. The social economy is an important point of connection between the two. Although the EU's EQUAL programme is coming to an end, he pointed out that in the transnational dimension of the European Social Fund, there is still some room for social innovation. Also, the European Economic and Social Committee is about to deliver an opinion on social experimentation. In November 2008, the French presidency would hold a conference on this topic. He was sure that the social economy sector will feed into European thinking and action on social innovation.

- The **conditions for success** in the social economy include various needs for balance – between transitional and permanent jobs, between market competition and public subsidies, between stability and innovation. Professionalism of teams and structures is another requirement, as is the systematic assessment of outcomes as regards the integration of workers. This is important in a world of evidence-based policies. Connections with the regular labour market are also needed, so that the qualifications acquired in social economy enterprises can lead people into that labour market. Dissemination of good practice can be a major force for progress in the social economy.
- **Public authorities have responsibilities towards the social economy.** While this sector is a manifestation of the vitality of civil society, the Belgian example shows that the public authorities have a major role to play. The value created is at the crossroads between civil society's projects and public support. That public support is diverse – legislative frameworks, financial privileges which should remain proportionate to the general interests involved, advisory frameworks, cooperation between the different levels of public intervention. There is certainly a need for more institutionalised cooperation between social and economic policy-makers, given that both the potential and the difficulties of the social economy are at the crossroads between the two.

He hoped that everybody had benefited from this Peer Review and that it would enrich their professional practice. 2008 is an important year in the European social inclusion process, not only because of the recommendation on active inclusion that he had mentioned at the previous day's session but also due to two major initiatives. The first is the renewed social agenda that the Commission would adopt on 2 July. It is thinking about reinforcing the joint work at the EU level on social inclusion through a more structured Open Method of Coordination. As regards the substance, the key words will be *access*, *opportunities* and *solidarity*. This concept of social inclusion – giving European citizens more opportunities and better access to services – is fully consistent with the topics discussed at this Peer Review. The second major event during 2008 is that all Member States will have to provide the European Commission, by the end of September, with their national strategy reports for 2008-2010. These national strategies for social protection and social inclusion should, the Commission expects and hopes, mention the role of the social economy in meeting social inclusion challenges and objectives in the different countries.

Connecting up the different policy areas that are relevant to the social economy is certainly also a challenge at the European level. The discussions at this Peer Review could feed into European employment policies and socio-economic policies. This would help to fulfil the commitment to mainstreaming social inclusion objectives into all relevant policies.

Julien Van Geertsom said Belgium had been very glad to share its experiences of the social economy as a factor for active inclusion. It is important that active inclusion policy should provide openings for the social economy. Active inclusion cannot simply place all the responsibility on the people to be activated. It must create opportunities for them. But the social economy cannot be reduced to a mere integration economy. So it is important to give it a common identity. The social economy is a business, but a business with values. It is a business with objectives. The five criteria defined in the Belgian agreement² could, he suggested, form the basis of a common

² Reminder: The five criteria: the primacy of work over capital; autonomous management (i.e. they are not part of the public sector, although they may receive public funding); service to the members or to society is the main objective, rather than profit – although social economy enterprises can make a profit and are encouraged to do so; a democratic decision-making process, with

European identity for the social economy. This is important because at the European level, great attention is paid to business and to business development, but from a perspective of competition and free markets. So the identity of the social economy must embody specific aspects that can be defended at the European level. He recalled the past discussions about the Bolkenstein directive and the current one about social services of general interest. So a real debate is also needed at the European level about the possibility of a different type of economy. That is why the content of the social economy must be clear at the European level. Despite the complexities of Belgium, its various components have more in common than they think and fewer differences than they say. He hoped that, within a few years, the same will go for Europe.

There are three main streams within the social economy, he pointed out:

- initiatives in different sectors aimed at integrating people into the labour market and providing opportunities to those who are far from the labour market
- initiatives that are the final port of call for people who will never go to the labour market but who nonetheless need an opportunity to contribute to society, thus maintaining their self-esteem and human dignity
- initiatives to support the social economy as another type of economy, with democratic values, which puts the community first and supports sustainable development.

Proximity services fall into this last category. During the debate in the Belgian parliament while the Peer Review was in progress, the employment minister had stated that there were currently about 80,000 jobs in proximity services. So there is a future for the social economy. He certainly thought that the voucher system might be of interest to other countries. However, they should take care to differentiate between service providers. They should not take the risk of paying some private enterprises to cream off the market and engage in cherry-picking.

The peer reviewers should, he felt, take one central idea back with them: no legislation without participation. Laws on the social economy must be drafted with the active participation of those engaged in that economy. Achieving a plural economy is also important. Social economy enterprises must not become islands within society. The regular economy must also shoulder its corporate social responsibility. Economic diversity is essential. As regards professionalism, exchanges between the social economy and the regular economy have an important part to play. The social economy contains highly enthusiastic people with great energy and great ideas, but they do need help with management.

Active inclusion must have one aim – a better life for everybody. A better life for those who have no jobs today. A better life for those who do not have the opportunity to go on to the labour market. But also a better life for those who do have work today. Proximity services can improve the lives of working couples in a society with great workplace stress. The Dutch word *fietspunt*³, learnt by the participants the previous day, stands as a symbol of what the social economy can be. Giving opportunities to people who have no jobs. Helping people who have jobs. And enabling government and the private sector to meet their social responsibilities by financing these initiatives.

full participation; sustainable development with respect to the environment.

³ Fietspunt: bicycle hiring service close to the train station offering job opportunities to vulnerable workers. The “fietspunten” are established in partnership with the national train company (NMBS-SNCB), developing its corporate social responsibilities.

He thanked the Commission, participants and organisers for a successful Peer Review. Belgium had also learnt from it. Everybody had learnt about the need for joint approaches and common objectives. His last message was: Don't copy the Belgian model. Everybody has their own history. But he did hope that the participants had drawn inspiration from what Belgium has done.