



Call for Papers "Geopolitics & Values: what is the real power of the EU?"

**SOCIAL ECONOMY: A TOOL OF EUROPEAN SOFT POWER IN THE TIMES OF
COVID-19**

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Brussels, December 2020

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With the financial support of the European Parliament



EXECUTIVE SUMMARY

Even if a common definition still lacks, the social economy is most commonly identified as a set of entities - cooperatives, mutual societies, non-profit associations, foundations and social enterprises - which objective is to have a social, economic and/or environmental impact for the general interest rather than an economic profit. In Europe, the social economy is widely developed and creates a large benefit for its citizens. With more than 2.8 million social economy enterprises and organizations, it employs 13.6 million citizens and generates 10% of the Union's GDP. Besides the important social and economic impact that social economy has, it also supports the spreading and awareness-raising of important values such as solidarity, democracy and democratic governance, equality, inclusion, participation, independence, sustainability and the promotion of human, civil and social rights. Social economy and its principles have deep roots in EU values and heritage. This is why the social economy can be a way of sustainable and rights-based economic and social development and can help the achievement of the SDGs. COVID-19 has overshadowed the spreading of some important social and democratic milestones and the achievement of the SDGs in some parts of the world. Fostering and outspread the development of the social economy outside the EU, could be a powerful soft-power tool of the EU to broaden its influence, with the intent of promoting socio-economic development, democracy and fundamental rights within its neighbouring countries and globally.

Short bio

Eleonora Lamio works in Brussels as a project manager and policy officer for Diesis Network. She graduated cum laude both from a Bachelor's degree within the University of Trieste, and from a Master within the LUISS Guido Carli University in Rome. Thanks to several life experiences abroad (Chile, India, Italy, France, Canada, and Belgium) she is curious, open-minded, dynamic and she fluently speaks Italian, French, English, and Spanish. Throughout her academic and professional experiences, Eleonora has collected a wide knowledge on the topic of social economy.

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Introduction

According to Joseph Nye's definition, soft power is "when one country gets other countries to want what it wants [...] in contrast with the hard or command power of ordering others to do what it wants". (Nye, 1990) Social economy can be the key when it comes to spreading the European values across the world: this is why it can be a powerful soft power tool for the EU. This essay wishes to explain why and how this soft-power tool should receive more attention.

In the first part, the author is going to point out what social economy is and why it has deep roots in the EU's history and traditions. Then, the paper will proceed to analyse which are the benefits that social economy can offer. Furthermore, it will study what are the values that the EU will benefit from spreading across its borders and why social economy is a soft power tool. Finally, once we understand why the social economy and its development outside our borders could be beneficial for the EU, the paper will explore what the EU is doing to raise awareness and to disseminate it, and which are the upcoming developments. We will conclude by offering some recommendations for the future.

What is the social economy and how does it look in Europe?

Social economy aims at making profits for the people.¹ The main objective of social economy enterprises is to generate social impact rather than profits. Social entrepreneurs continuously find new and innovative solutions to unmet social needs: this is why the social economy is responsible and sustainable. It generates well being and a positive economic impact in the long term for everyone.

¹ The expression "Social and Solidarity Economy" -that derives from the solidarity economy- is also often used. "Social and solidarity economy" is an inclusive term as it refers to both the social economy and the solidarity economy, which are concepts that aren't exactly synonyms, as they refer to two different approaches.

"The social economy is commonly understood as a "third sector" of the economy, complementing the "first sector" (private/profit-oriented) and the "second sector" (public/planned). [...] The solidarity economy seeks to change the whole social and economic system and puts forth a different paradigm of development that upholds solidarity economy principles. [...] As an alternative economic system, the solidarity economy thus includes all three sectors – private, public and the third sector." (RIPESS - Intercontinental network for the promotion of social solidarity economy, n.d.)

"The distinct boundaries most social economy actors draw to set themselves apart from the private and public sectors shapes their perception of the terrain upon which action is viewed as either desirable or possible; the "third" sector is the primary locus of strategy and action. In contrast, the solidarity economy thrusts social economy actors into the spaces among and between the three economic sectors, inserting reciprocity as the dominant animating driver, creating a space for expanding solidarity." (Mike Lewis, 2007, p. 1) *"The solidarity economy approach is an unprecedented attempt to hook up the three poles of the system, so specific solidarity economy initiatives constitute forms that are hybrids between the market, non-market and non-monetary economies."* (CIRIEC, 2017, p. 4) This is why the term "Social and solidarity economy" is also frequently employed: to embrace both the solidarity economy and the social economy. It has to be reminded that these terms are evolving, and that flexibility has to be applied. (RIPESS - Intercontinental Network for the Promotion of Social Solidarity Economy, 2015, p. 5)

In this paper the term "social economy" will be employed, even if some sources may refer to "social and solidarity economy".

Social economy enterprises and organisations promote and act according to some key values: respect, dignity, solidarity, inclusion, participation, democracy, respect of human, civil, social and workers’ rights, transparency, and equality. This economy not only creates advantages for its customers and beneficiaries but to society as a whole.

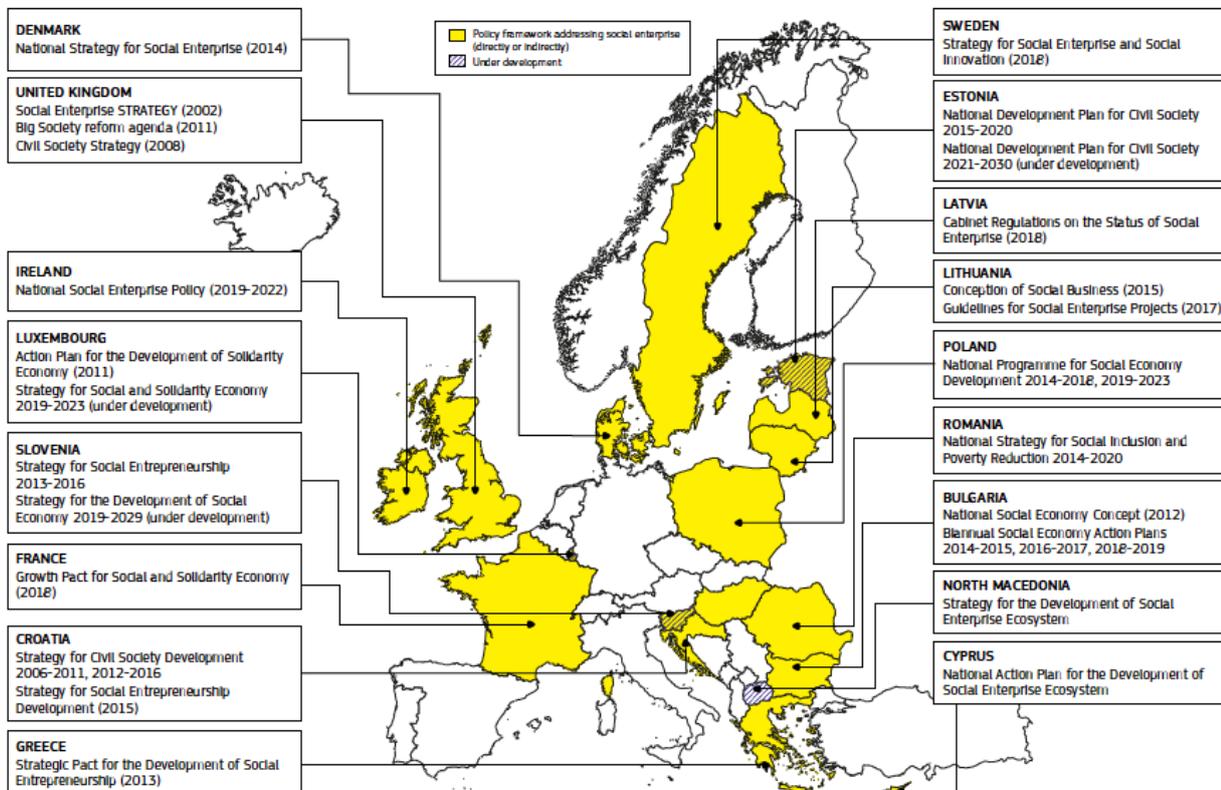
The social economy has deep roots in Europe’s heritage. Indeed, many forms of social economy organisation and enterprises started to appear many decades ago in several European countries. The traditional social economy enterprises include cooperatives, mutual societies, associations and nonprofits organizations and foundations. (OECD, n.d.) More recently, in some EU countries a new legal form was born: the social enterprise.

However, a unique definition of the social economy and legal framework for the social economy enterprises still lacks at EU level and globally. Because the social economy is an evolving concept and because it was developed in different places, there is not a unique definition. When it comes to the EU, every Member State differs in legislative frameworks and legal forms.

Depending on the country, we can find legal frameworks regulating the social economy field and organisations, and/or a specific legal form for the social enterprises and/or legal frameworks that recognise existing legal forms as social enterprises if they meet certain conditions. Unfortunately, as highlighted by the maps below, many differences still exist. (European Commission: Carlo Borzaga, 2020)

Countries with policy frameworks targeting social enterprise in the EU

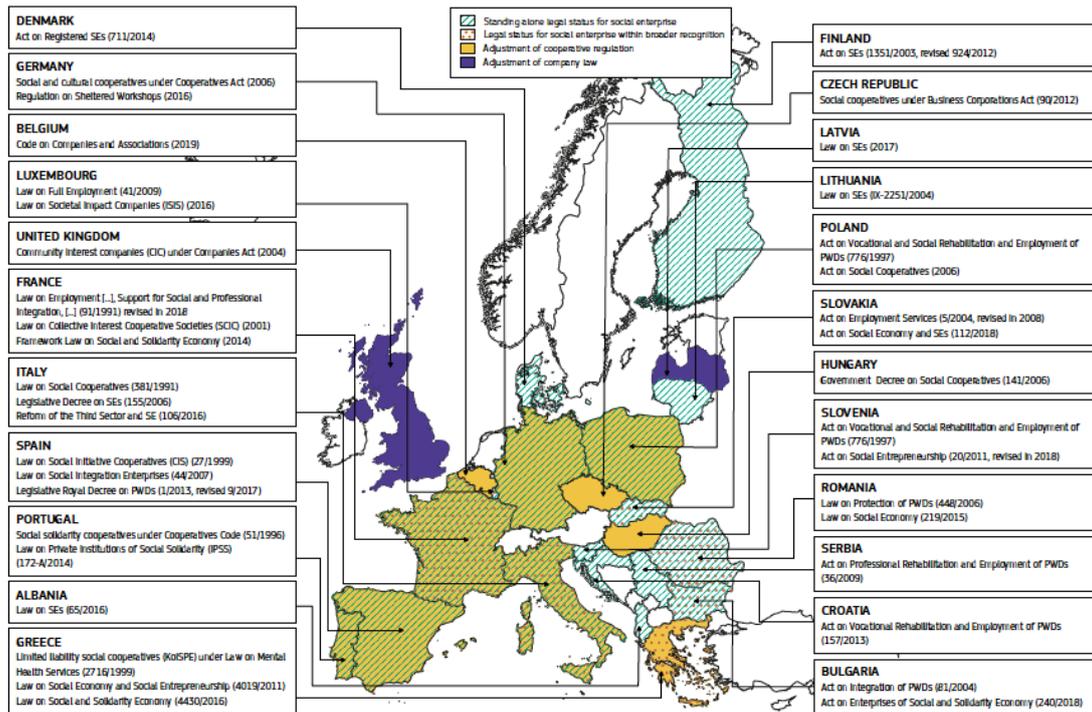
Figure 3. Countries with policy frameworks targeting social enterprise



Source: (European Commission: Carlo Borzaga, 2020) p.55

Countries with laws on specific forms or statutes for social enterprises

Figure 4. Countries with laws on specific legal forms or statutes for social enterprises



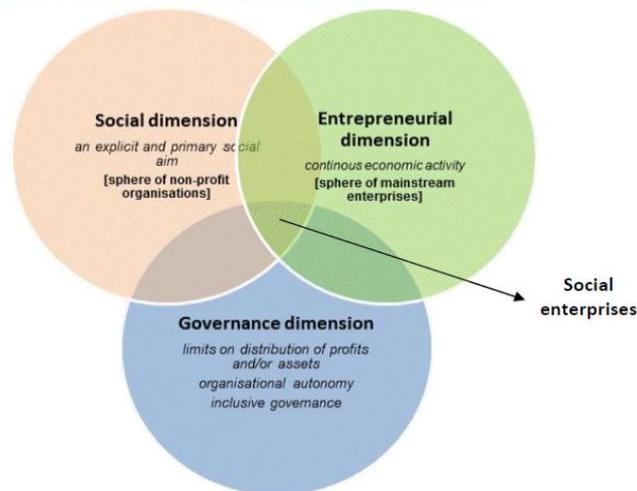
Source: (European Commission: Carlo Borzaga, 2020) p. 58

A first effort of setting a common framework was made at EU level in 2011 with the Social Business Initiative, a document where social economy enterprises were defined as an economic actor:

- whose primary objective is to achieve social impact rather than generating profit for owners and shareholders;
- which uses its surpluses mainly to achieve social goals;
- which is managed by social entrepreneurs in an accountable, transparent and innovative way, in particular by involving workers, customers and stakeholders affected by its business activity. (European Commission, 2011) (European Commission, 2015)

The three dimensions of the social enterprise

Figure ES1.1 **The three dimensions of a social enterprise**



Source: (European Commission (Directorate-General for Employment, Social Affairs and Inclusion Directorate C Unit C2), 2016) p. VI

Despite the lack of a common definition and of a unique legal framework, the social economy has a great economic impact in Europe.

In the EU, the social economy generates around 10% of the EU's GDP. (Astrid Schomaker, Director, DG ENV, European Commission, 2016) There are 2.8 million social economy enterprises: they represent 10% of all business and employ 13.6 million of people (which means about 6,3% of the EU's employees).

Considering both paid and unpaid employment, social economy enterprises have a workforce of over 19.1 million, with more than 82.8 million volunteers, which means 5.5 million full-time workers. Plus, cooperatives, mutuels and similar enterprises have more than 232 million members. (CIRIEC, 2017) (Anastasia Costantini, Diesis Network, 2019) (European Commission, n.d.) (Social Economy Europe, 2020)

Benefits and potential of the social economy

Social economy - and as a consequence social entrepreneurship and social economy enterprises- are bottom-up phenomena and their main benefit is their ability to create solutions to unmet social problems in an innovative way. The objective of social economy enterprises is to alleviate issues present in their communities. Social economy enterprises create a new way of doing business with beneficiaries as part and at the core of it, as the services and products offered can be adapted to the

beneficiaries' needs. (David Bornstein, 2010) This is why the social economy is a source of innovation, which drives both economic and social progress.²

Moreover, social economy enterprises and actors run businesses that are sustainable from an economic, human and environmental point of view: social economy is responsible and sustainable. (Anastasia Costantini, Diesis Network, 2019)

Furthermore, the social economy is a key actor when it comes to decent and fair employment creation and social cohesion. Indeed, job insertion and employment creation, especially for disadvantaged groups, have always been the main goals of many social economy enterprises. Not to mention, the role that social economy plays in reducing the gender gap, empowering women and promoting them to high-level management positions. (GECES, 2016) (ITC ILO - International Training Centre ILO, 2017)

In the International Labour Organisation's Centenary Declaration for the Future of Work, it is stated that there should be further support to "the private sector as a principal source of economic growth and job creation by promoting an enabling environment for entrepreneurship and sustainable enterprises, in particular micro, small and medium-sized enterprises, as well as cooperatives and the social and solidarity economy, in order to generate decent work, productive employment and improved living standards for all". (International Labour Organisation, 2019, p. 4)

Social economy as a tool of soft power: why should social economy be spread outside EU borders?

COVID-19 has overshadowed some of the objectives of the EU: to spread some important social and democratic milestones and, overall, to achieve the Social Development Goals (SDGs) in some parts of the world.

According to Joseph Nye's definition, soft power is "when one country gets other countries to want what it wants [...] in contrast with the hard or command power of ordering others to do what it wants". (Nye, 1990) Because it drives economic and social progress, the social economy has the capacity of spreading the EU values, implementing and achieving the SDGs, unlocking local development, completing the action of the states and shaping national policies, promoting participatory democracy, and the spread of a business model that is more resilient against adversities.

These are all aspects that would benefit third countries and would be useful to the EU its relations with these. The spreading of the social economy would bring advantages for both third countries and the EU and would allow reaching common priorities: promoting economic and social progress and achieving the SDGs. This is why it can be identified as a soft power tool.

1) The values

² The key role of social economy as a driver for economic and social development was recognised by the European Council in the 2015's Conclusion "The promotion of the social economy as a key driver of economic and social development in Europe". This document also encourages action at European, national and local level to develop "*strategies and programmes for enhancing the social economy, social entrepreneurship and social innovation*". (Council of the European Union, 2015)

The social economy, as well as its actors, has the ability to spread and promote the set of values that defines it. These values have deep roots in the EU's tradition and principles as they are at the base of the EU itself. These values are, among others:

- the central role of people over capital and the public benefit of an economic activity;
- the democratic and participatory governance;
- the reinvestments of the profits in social objectives or with the aim of creating a social impact;
- the autonomy and independence from the authorities;
- the promotion of solidarity, local development, social cohesion, integration of disadvantaged persons and sustainability from an environmental, social and economic point of view. (CIRIEC, 2017, p. 2)

In a community where social economy actors operate, these values are automatically disseminated and, little by little, absorbed by the communities until they become unanimously accepted and recognised.

2) Implementing and achieving the Sustainable Development Goals

The social economy can be “a way of sustainable and rights-based economic and social development” and can help the implementation and achievement of the SDGs. (United Nations, n.d.) (United Nation Research Institute for Social Development, 2017) (ILO, n.d.) (United Nations Social and Solidarity Economy, n.d.) (United Nations Social and Solidarity Economy, n.d.)

The great opportunity that the social economy gives for implementing and achieving the SDGs is also underlined in the EC reflection paper “Towards a Sustainable Europe by 2030”. The social economy is deeply connected to 9 of the 17 SDGs: 1, 3, 4, 5, 8, 9, 10, 11 and 16.³ It is especially linked to SDG n.8: “Decent Work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”. (Astrid Schomaker, Director, DG ENV, European Commission, 2016) (European Commission, 2019) (Social Economy Europe, n.d.)

3) Local development and social cohesion

The effects of the activities of the social economy enterprises result in local development. The economic growth triggered by social economy enterprises combined with the spreading of the above-mentioned values leads to some important consequences.

These are expressed in a more completed form by Matei and Dorobantu: the social economy enterprises have as consequence “the increase of the social capital (fostering the confidence in members and institutions, building stronger relations between the members, creating networks with communities), the stimulation of innovation and the insertion of innovation into the activity of local institutions, the employment, the creation of local development structures.” (Ani Matei and Adela Daniela Dorobantu, 2015, p. 493).

³ The Sustainable Development Goals cited here are:

1: No poverty, 3: Good Health and Well-being, 4: Quality Education, 5: Gender Equality, 8: Decent Work and Economic Growth, 9: Industry, Innovation and Infrastructure, 10: Reduced Inequality, 11: Sustainable Cities and Communities and 16: Peace and Justice Strong Institutions. (United Nations - Department of Economic and Social Affairs: Sustainable Development, n.d.)

By creating job positions and the building up of an economy based on social cohesion, the social economy triggers local development. In addition, social economy enterprises can act as a bridge between formal and informal economy workers and operators.

4) Completing the action of the states and shaping national policies

The social economy is complementary, but also influences the action of the governments and can create systemic changes. In many countries, the national authorities are unable to provide, adequately or at all, their citizens with the services needed (especially when it comes to healthcare and services to disadvantaged and socially excluded people). The social economy is able to fill this gap and replace the public institutions by delivering the services and products needed at the fair price for everyone.

In other cases, by reaching many communities and raising awareness, social economy can be able to shape governments' policies and legal frameworks.

5) Democracy and participation

Governance and participation are at the heart of the social economy and social enterprises. (Rights 2 Grow project (Diesis Network), 2019) (Diesis Network, 2019) As the social economy promotes a human-centred approach and equality in employee-employee and in employee-owner relationships, democratic and participatory management become a key characteristic of the social economy enterprises. Employees are continuously involved in the life of the enterprise, and Information Communication and Participation rights (ICP rights) are fostered.

Because of this, the social economy enterprises can be a powerful actor when it comes to industrial relations and social dialogue, promoting these values and its participatory aspect. (CESE, 2015) Social economy fosters the development of participatory democracy. (CIRIEC, 2012)

6) Resilience against adversities

Social economy enterprises are more resilient and responsive to crisis. They are able to face adversities while at the same time protecting their employees and keep providing services and products to their communities. (Ketilson, 2009)

During the months of the COVID-19 pandemic, the social economy enterprises have been particularly resilient against adversities and apported a great contribution by adapting to the new needs of their communities. (EASPD (European Association of Service Providers with Persons with Disabilities), 2020)

According to the OECD report "OECD Policy Responses to Coronavirus (COVID-19). Social economy and the COVID-19 crisis: current and future roles", the major contributions of the social economy during this crisis have been:

- "Delivering a set of important services related to health and social services;
- Modifying their set of products and services to serve the ones in need;
- Creating and/or deepen partnerships and relations with local authorities to support them in providing services and mitigate the direct impact of the crisis, especially in order to support and protect the most vulnerable groups;
- Helping national bodies and governments to address crises with bottom-up solutions". (OECD, 2020) (Social enterprise UK (SEUK), 2020)

Finally, social economy will play a crucial role in reshaping our reality after the pandemic. It will be able to unlock new sectors, explore new alternatives to existing business, provide services to the ones in need and spread the values to create a more inclusive and sustainable economy and society. (OECD, 2020)

EU's action to promote the development of social economy outside its borders⁴

To promote the development of social economy outside its borders would benefit both third countries and the EU in its relations with these. Fostering and outspreading the development of the social economy outside the EU, could be a relevant soft-power tool to broaden its influence, with the intent of promoting democracy and fundamental rights within its neighbouring countries and globally and to reach common objectives, such as the SDGs.

The attention to the international dimension of the social economy has increased over the years. With time, the European Commission (EC) and some key Directorates General (DGs) working in this field, noticed that the social economy was crossing the EU borders. Its role in development strategies and, in particular, in the diplomatic relations of the EU, was increasing.

1) The presence of social economy among the EU's foreign actions

The EC (mainly DG GROW and DG EMPL) works tightly with the European External Action Service (EEAS), and other DGs that deal with social economy and external relations (mainly DG NEAR and DG DEVCO), to promote the social economy outside of its borders.

In recent years, DG NEAR has set strategies and ways to finance several programmes targeting the social economy development. These actions involved both the Mediterranean, the Balkan region and Eastern/Caucasus countries. The support is given via dedicated programmes and projects co-financed by External DGs.

DG DEVCO does not directly promote the social economy through programmes exclusively dedicated to social businesses. Instead, social economy is indirectly supported as part of DG DEVCO's support to private sector development. In 2014, the EC adopted the communication "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries" that outlines its strategy for private sector development in developing partner countries. This communication recognizes social businesses as part of the private sector; therefore, it includes the social economy among the beneficiaries of DG DEVCO. The communication also contains an action that specifically focuses on the support to and upscaling of inclusive business models as a form of social businesses. (European Commission, 2014)

DG DEVCO is also co-funding the GIZ's Inclusive Business Action Network (iBAN), a global initiative supporting the scaling and replication of inclusive business models. iBAN is a platform that targets policymakers and investment seeking companies in developing and emerging countries. The platforms facilitate knowledge sharing, partnerships and matchmaking. (iBAN, n.d.) (Astrid Schomaker, Director, DG ENV, European Commission, 2016)

⁴ To develop this chapter, two discussions were carried out: one with a DG GROW representative and another one with a DG DEVCO representative, both working in the field of social economy. Please find the summaries of these conversations in Annex I and Annex II.

In addition, in 2016, DG DEVCO signed with the International Cooperative Alliance the agreement “Co-operatives in development – people-centred businesses in action” that aims at promoting the role of cooperatives at the international level and in international development. (International Co-operative Alliance, n.d.) (International Co-operatives Alliance, n.d.)

2) Collaboration with social economy actors at the international level

The European Commission constantly works and collaborates with international organisations, among which:

- The United Nations and its agencies. In particular the Interagency Task Force on Social and Solidarity Economy, the United Nations task force to increase visibility of the social economy within the UN system, and the International Labour Organisation. (United Nations, n.d.) (European Commission, n.d.) (European Commission, n.d.) (European Commission, n.d.)
- The OECD. For instance, the EU has recently worked with the OECD on its Global Action “Promoting Social and Solidarity Economy Ecosystems”, funded by the European Union’s Foreign Partnership Instrument. The objective of this call is to support, raise awareness and promote social economy, develop capacity building and peer learning activities. (OECD, n.d.)

Additionally, the EC started to collaborate with international groups focused on social economy such as the Global Social Economy Forum (GSEF) and International Leading Group on Social and Solidarity Economy (ILGSSE).

Many international stakeholders working in the field of social economy (such as the UN Task Force, the OECD, ILGSSE, the Council of Europe Development Bank, the European Bank for reconstruction and development, etc.) already participate in the activities of the GECES (Expert group on social economy and social enterprises).

3) Social economy: a topic of international discussions

In addition, the EC started to foster the topic of social economy among the priorities of some international development fora, tables and groups, such as Agenda 2030: sustainable development goals, G20 inclusive business platform and G7 Global Social Impact Investment Steering Group. (European Commission, n.d.)

On top of this, the EC has made some key statements regarding the importance of the social economy and its promotion worldwide in high-level political meetings.

One relevant example was the 2016 High Level Political Forum on Sustainable Development Side Event organized by France and Costa Rica in collaboration with the UN Inter-Agency Task Force on Social and Solidarity Economy.

In this occasion, it was underlined how the social economy was a matter of high political importance and supporting social economy enterprises within and outside the EU was crucial. Plus, the work already done by international social economy groups, networks, organisations and for a was welcomed. Finally, European social economy enterprises and organisations were encouraged to keep and/or start collaborating with their counterparts outside the EU. (Astrid Schomaker, Director, DG ENV, European Commission, 2016) (European Commission, 2016)

4) The international dimension of the new European Action Plan for the Social Economy

In 2019, it was announced that an Action Plan for Social Economy was going to be developed between 2020 and 2021. In 2019, the President of the EC Ursula Von Der Leyen, in her mission letter to the Commissioner for Jobs and Social Rights Nicolas Schmit, wrote that a European Action Plan for Social Economy was going to be created “to enhance social innovation”. (Ursula Von der Leyen, European Commission, 2019)⁵

The Action Plan for the Social Economy will have a chapter dedicated to the international/external dimension. Commissioner Nicolas Schmit said that the international dimension chapter should foster social economy as a driver of sustainable development. The objective is to affirm the EU’s leadership in this field, and the importance, for both the EU and third countries, to spread social economy outside of its borders. (Réseau ESMES Network, 2020) (Union for the Mediterranean, 2020) (ESMED Network, 2020) (Social Economy Europe, 2020)⁶

The development of the Action Plan is still at an early stage. Nevertheless, the EC is trying to proceed in a participatory way. As a matter of fact, the EC is implementing a co-creation process to build the Plan with social economy actors and stakeholders: this is the objective of the European Social Economy Summit. (European Commission, 2020) Before the COVID-19 outbreak, the European Social Economy Summit was going to be organized in Manheim at the end of November 2020, now this process is taking place in a blended modality. (European Commission, 2020)

Regarding the international dimension, right now, DG EMPL is working closely with DG GROW, and other DGs (in particular DEVCO and NEAR) and with external actors. During the European Social Economy Summit, specific seminars will be held on the international dimension of the Action Plan.

Conclusions: the way ahead

COVID-19 has brought us some question marks: where do we want to go? Which is the future we want to build and what is the role of the EU? One of the answers is the social economy.

Important steps and actions have already been taken by the EU to promote the development of social economy outside its borders. The social economy can be considered as a soft power solution with great potential, especially in times of COVID-19. To exploit at best this potential to rebuild our societies during and after the pandemic, the EU should act now.

⁵ The Action plan for Social Economy was also mentioned in the section “Creating more jobs” of the EC Communication “A Strong Social Europe For Just Transitions”. “*Creating more jobs is about more than growth. This is even more true for the social economy, which serves social needs. Some 13.6 million people work in the social economy in Europe. Social enterprises and organizations can generate engagement, initiatives and returns in local communities while bringing everyone closer to the labour market. The social economy provides innovative solutions in education, health care, energy transition, housing and the delivery of social services. It can also be a pioneer in local green deals by creating alliances in territories involving citizens and enterprises in the climate transition. The Commission will launch in 2021 an Action Plan for the Social Economy to enhance social investment and social innovation and boost the potential of social enterprises to create jobs, including for those furthest from the labor market*”. (European Commission, 2020)

⁶ In 2018, Social Economy Europe proposed its idea for a European Action Plan for the social economy, that had among its priorities (Priority 6) “Foster the role of the social economy in the external action of the European Union” with a proposition of eleven policy measures to implement. (Social Economy Europe, 2018) (Social Economy Europe, 2018)

Thanks to the international dimension of the Action Plan for the Social Economy, and the willingness that the EU has already shown in the last years, it is likely that in the post-COVID era the social economy will have a more substantial role within the EU priorities.

Nonetheless, to enhance other actors, national states, international organisation and civil society organisations, to promote and keep promoting the social economy, there are still some points that should be further addressed in the upcoming years:

1. The social economy should be transversally present among the external action priorities and development strategies of the EU, and among the funding priorities of the financial instruments for foreign actions;
2. The EU should further bring the social economy as a central topic in high political discussions, events, conferences and fora;
3. The EU should further dialogue and support international organisations and actors that are already addressing the social economy topic at international level;
4. The EU should keep financing, directly and indirectly, projects and initiatives – both at the global, regional, national and local level - to foster the development of the social economy outside the EU. The EU should keep paying attention to actions that enhance the social economy as a key to local development;
5. The EU should keep promoting research, analysis, collection of best practices and intensify the exchange of knowledge between EU and non-EU countries;
6. The EU should encourage and support countries that are creating their social economy policies, legal frameworks, and funding instruments.

Hopefully, thanks to these actions, in the following years the EU would have considerably contributed to the promotion of the social economy and raised awareness about it among international actors and organisations, national states and civil society organisations (CSOs). The use of the social economy as a soft power tool will allow the EU to contribute to the economic and social development of many countries, to reinforce its relationship with those and overall to contribute to the achievement of the SDGs, creating shared benefits and well being.

Annex I. A discussion with DG GROW

In November 2020, the author discussed the role of social economy as an EU soft power tool in international relations and the international dimension of the New Action Plan with a representative of DG GROW.

Social economy: a soft power

The European Commission considers that the social economy can trigger both economic and social developments. It can be a tool for achieving the Sustainable Development Goals set by the 2030 Agenda.

Moreover, by promoting the social economy outside its borders, the EU spreads a set of key values, that characterise both the social economy and the EU itself. The spreading of such values can be beneficial to both third countries and the EU when it dialogues with these.

Increasing attention to the international dimension of social economy

This attention to the international dimension of the social economy has increased over the years. When the Social Business Initiative was developed in 2011, this document did not address the international dimension yet.

Little by little, DG GROW noticed that the social economy was crossing the EU borders and its role in development strategies and, in particular, in the diplomatic relations of the EU, was increasing.

Therefore, DG GROW started to collaborate with other international organizations that cover this topic at the international level. Among others, there were:

- *The International Labour Organisation;*
- *The Global Social Economy Forum;*
- *The OECD.* For instance, recently DG GROW worked with FPI that selected the OECD for the Global Action “Promoting Social and Solidarity Economy Ecosystems”, funded by the European Union’s Foreign Partnership Instrument;
- *The UN Task Force on Social and Solidarity Economy.* The European Commission participates as an informal observer in the meetings of the Task Force and contributes to its work. The collaboration with the UN allows the EC to bring European experiences to international debates. Moreover, the UN Task Force has deeply explored in which ways the social economy contributes to achieving the SDGs, a topic of key relevance for the EC.

Moreover, many international stakeholders working in the field of social economy (such as the UN Task Force, the OECD, the Council of Europe Development Bank, the European Bank for reconstruction and development, etc.) already participate in the activities of the GECES (Expert group on social economy and social enterprises).

With time, also other DGs, like DEVCO and NEAR, started to get interested in the topic.

In recent years, DG NEAR has set strategies and ways to finance several programmes targeting the social economy development. These actions involved both the Mediterranean and the Balkan region and in Eastern/Caucasus countries. The support is given via dedicated programmes and

projects co financed by External DGs. (e.g.: development of social entrepreneurship, support to civil society organisations active in the social economy field...).

DG DEVCO also indirectly supports the social economy and its actors through aid programs, especially the ones targeting private sector and non-state organisations. In addition, in 2016 DG DEVCO signed with the International Cooperative Alliance the agreement “Co-operatives in development – people-centred businesses in action” that aims at promoting the role of cooperatives at the international level.

The new Action Plan

Recently, Commissioner Nicholas Schmit announced that the new Action Plan for Social Economy will include an international dimension chapter. Its objective is to affirm the EU’s leadership in this field, and the importance, for both the EU and third countries, to spread it outside of its borders.

The development of the Action Plan is still at an early stage and the EC is trying to make this process as much as possible participatory. Right now, DG EMPL is working closely with DG GROW and both with other relex DGs (in particular DEVCO and NEAR) and with external actors. Later on, during the European Social Economy Summit, some specific seminars will be held on the international dimension of the Action Plan.

Annex II. A discussion with DG DEVCO

As part of the preparation for this research, the author had the chance to discuss the role of social economy in the EU development cooperation with a member of DG DEVCO.

The European Commission is promoting the social economy and social businesses on the internal market since many years, for instance through the Social Business Initiative, which was established in 2011 as a concrete EU level action plan to develop a favourable environment for social enterprises in Europe, or the 2016 Start-up and Scale-up Initiative. In developing countries, the situation is slightly different. DG DEVCO does not promote the social economy through programmes exclusively dedicated to social businesses like others DG's (e.g. EMPL and GROW) do for Europe. Instead, social business is promoted as part of DG DEVCO's support to private sector development.

In 2014 the EC adopted a communication on the role of the private sector in development (COM(2014) 263 final) that outlines its strategy for private sector development in developing partner countries. This communication recognizes social businesses as part of the private sector, and thus include the social economy fully into the scope of the DG DEVCO's support to, and engagement with the private sector. The communication also contains an action that specifically focuses on the support to and upscaling of inclusive business models as a form of social businesses.

DG DEVCO acknowledges that businesses with a social purpose can perform important functions in the economy:

- They foster local and economic development and a fair distribution of resources;
- They create jobs including those for vulnerable categories, that contribute to the SDGs' objectives including eradicating poverty;
- They act as a bridge between formal and informal economy workers and operators;
- They promote a sustainable way of production;
- They provide services supporting their communities in particular in context where the State is not able to do so;
- They may push public services to adopt or update national policies.

Moreover, DG DEVCO recognizes that businesses adopting a long-term approach that produces durable benefits for communities are also particularly resilient in times of crises, as the current Covid-19 pandemic has demonstrated.

Concerning next steps, DG DEVCO is contributing an external perspective to the current preparation of the Commission's Action Plan for the Social Economy. This plan is a non-legislative initiative that will mainly focus on actions within the EU. As preparations of the Action Plan are still at an early stage, it is not yet known to what extent and how strong the external dimension of the plan will be. By demonstrating EU leadership in enhancing social innovation, the Action Plan is expected to also inspire actions on promoting the social economy in developing countries.

The preparation of the action plan will be informed by targeted stakeholder consultations, including in the context of the evaluation of the Commission’s 2011 Social Business Initiative, through the EU Expert Group on social economy and social enterprises, or in the run-up to the European Social Economy Summit in 2021.

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