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European Union

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NOTE

From:	Presidency
To:	Council
Subject:	Social Economy and Social Innovation - An Avenue for Job Creation and Pover Reduction

Delegations will find attached the Presidency background note on the above subject, with a view to the lunch discussion at the EPSCO Council on 8 December 2016.

**Social Economy and Social Innovation - An Avenue for
Job Creation and Poverty Reduction**

Political context:

As a result of globalisation and rapid technological developments, most notably digitalisation, labour markets and societies are quickly changing, giving rise to new challenges, but also pushing for innovative ways to address arising and existing social issues. The Europe 2020 Strategy sets as a goal to lift at least 20 million people out of poverty and social exclusion and increase employment. In this context, next to the European Semester process which provides the framework for Member States' economic and social reforms, a number of initiatives were taken to reach these goals.

The European Fund for Strategic Investment is one of the most prominent sources of funding for social innovation at the EU level. This initiative is also in line with the Commission's intention to strengthen fairness and the social dimension of the single market. The 2017 Annual Growth Survey also draws attention to the fact that social policy can be a productive factor and important for enhanced investment in human capital and social infrastructure.

Concept:

Social innovation has become an important notion in European policy-making, cutting across sectors and disciplines and presenting in particular an opportunity to find more efficient and targeted solutions to social issues. It is often seen as a concept that entails new ideas (products, services and models) that simultaneously meet social needs and create new social relationships or forms of collaboration.

Social innovation is one of the key components of social economy , therefore its stimulation is essential to ensure that the potential of social enterprises can be fully exploited in tackling current challenges in Europe. Thus, the creation of suitable regulatory and financial ecosystem for social enterprises and social economy, together with the support for their greater visibility may play an important role in unleashing the full potential of social innovation in Europe.

Funding:

One of the main avenues through which social innovation can be stimulated is funding. Several EU instruments support social innovation directly. The European Fund for Strategic Investment (EFSI) offers an opportunity to invest in public-private partnerships in the field of innovation, including in the social domain. The European Union Programme for Employment and Social Innovation (EaSI) is aimed at supporting high levels of quality and sustainable employment, securing social protection, fighting social exclusion and poverty, and improving working conditions. The programme promotes an approach to social policy innovation which is evidence-based and geared towards policy-making, with a budget amounting to around EUR 11 million per year.

Applications:

European policies promote social innovation in several sectors of the single market and in many policy fields, such as employment and social affairs, enterprise policy, health, education, energy, environment, and research. Within the EU, numerous policy measures and financial tools together with the research programme contribute to this process. However, there is still a huge margin for development: there is a need to find a comprehensive and well accepted approach to social innovation, secure efficient funding and appropriate regulatory environments.

As the Union is currently facing immense challenges, such as migration, security and climate change – all of which will have budgetary implications, the EU needs to clearly set its priorities and ensure that its spending ambitions are sustainable while at the same time strengthening Social Europe. An investment strategy only aiming at modernising Europe’s economy is likely to raise legitimate concerns among those groups of the population (such as long-term unemployed, youth, low-skilled workers, etc.) which were hardest hit by the manifold crises. For its credibility the EU needs to address the concerns of those groups as well. Increasing the investments dedicated to the social infrastructure is crucial and should not be considered as an additional liability for the budget. Above all, enhancing political support for social economy should be considered as a priority throughout the various policy areas.

Ministers are invited to consider the following questions:

- ***How could social innovation be better recognised and supported at the EU as well as at the national/local levels so that it becomes a strong driver for the social economy?***

- ***What should be the role of social partners in the context of reinforcing support to social innovation?***

- ***Can you share any concrete examples of social innovation that help to contribute to employment and/or poverty reduction?***