

*Building bridges
and navigating crises:*

*social economy as a model of resilience
and inclusive digital transformation*

 **Balkans to**
Asia 

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Ideas to share

- Social economy – is it a relevant discussion on the global or European Arena?
- Social economy – how is it different from business as usual
- Social economy in Romania – legislation, bureaucracy and... EU funding
- **A challenge for social enterprises – to support an inclusive digital transformation, that includes the vulnerable**

Does social economy matter? Can it make a difference?

European Union

- **2.8 million social economy enterprises** and organisations, ranging from SMEs to large EU groups.
- The social economy employs **13.6 million people**, around 6.3% of the EU workforce.
- Social economy accounts for **8% of the EU's GDP**.



- Social economy is an opportunity and a driver for the implementation of the 2030 Agenda and its 17 Sustainable Development Goals (SDGs) at **European and at global level**



- Focus: SDG Goal 8 “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work”.

Social economy – is it a relevant discussion on the global or European Arena?

Yes, now more than ever.

Global challenges were accentuated by the Covid Crisis:

- **inequalities**
- **extreme poverty**
- **unemployment**
- **exclusion**
- overconsumption
- environmental degradation
- food insecurity

The vulnerable ones were, again, hit the hardest.

Social economy is locally developed, embedded, trusted and, therefore, it remains a model for resilience during crises.

Social economy: a lever for economic recovery

- The development of the social economy is particularly relevant due to the economic and social crisis caused by COVID-19.
- Social economy enterprises and organisations are businesses that never relocate, as they are created in the local area and owned by people based there
- Social economy enterprises are strongly committed to the economic and social development of the place where they operate.
- It is important that regions include the social economy in their smart specialisation strategies as a key lever for economic and social development

Recommendations from the EU Committee of the Regions

An example of social economy resilience from Ireland

- **Credit unions remained essential financial service providers in Ireland during the Covid-19 pandemic**
- Among the key success factors for credit unions in supporting citizens through the pandemic has been their **deep level of connectedness with their members, rooted as they are, in their local communities.**
- About 90% of credit unions in Ireland have community common bonds, meaning they can only serve members who live or work within a specified local area.
- This enables credit unions to understand, appreciate and be responsive to the needs of their membership.
- As co-operatives, credit unions are owned and run by their members, enabling services to be designed and delivered by those who will use them.
- The ethos of credit unions puts people before profit.

Social economy – how is it different from business as usual

Organizations and enterprises that:

- Put people before profit
- have explicit economic and social (and often environmental) objectives;
- involve varying degrees and forms of cooperative, associative and solidarity relations between workers, producers and consumers;

Examples of social economy entities organised across EU countries:

- traditional forms of cooperatives and mutual associations,
- women's self-help groups,
- community forestry groups,
- social provisioning organizations or 'proximity services',
- fair trade organizations,
- associations of informal sector workers,
- social enterprises,
- community finance schemes.

Social economy – how is it different from business as usual

Principles applied across EU countries:

- **Primacy of people and of the social objective over capital**
- **Reinvestment of the essential surplus to carry out sustainable development**
- **The combination of the interest of members/user and of the interest of society (general interest)**
- Autonomous management and independence from public authorities
- Democratic control by the membership
- Voluntary and open membership
- The application of the principles of solidarity and responsibility
- Objectives, services of interest to members or of general interest



Social Economy in Romania: Legislation, examples

- Usual examples refer to integration of people with disabilities, young people leaving the institutionalized child protection system, poor elderly people: **restaurants and social canteens, physical rehabilitation clinics, pharmacies, handmade workshops, etc**
- Law 219 adopted in 2015 regulates social economy in Romania
- Legal options: Cooperatives, associations and foundations, credit unions, agricultural societies, enterprises
- Social economy organisations must be licensed by the Labour and Employment Agency
 - **Social enterprises** - License valid for 5 years
 - **Insertion social enterprises**: minimum 30% of employees come from vulnerable groups; vulnerable employees are offered counselling, information, skill training, accessible work infrastructure, as require
 - **Social label** – label used for products and services of insertion social enterprises
 - **Authorised Protected Entities** – legal entities that hire disabled employees and receive fiscal facilities

Recent evolutions: Social Economy Clusters started to develop – Example: ACCESS Cluster Brasov

<https://clusteraces.ro>

Social Economy in Romania: Public / EU Funding

- Romania finances the creation of new social enterprises ever since 2015, using mostly EU funds
- Source of funding: European Social Fund ESF – part of the Cohesion package
- Financing mechanism: Ministry responsible with EU funds selects and allocate funds (2-5 milion Eur) to grant administrators / intermediary organisations
 - The grant administrators select potential social economy promoters, they train them and asisst them in the process of writing a business plan for their social enterprise and then they organize a contest for social enterprises ideas – the best ideas receive grants up to 100 k Euro to launch the activity: hiring staff, buying equipment and operational resources
- Currently: **30 Million Eur** are currently directed towards the creation of new social economy enterprises;
- **11 grant administrators** support the creation of new social enterprises **in rural area, especially dealing with food production and processing of agricultural products.**
- Starting with 2022: New funds will be allocated from the Education and Employment Operational Progame.

Next steps at EU level to support social economy

European Commission expected to release a Social Economy Action Plan by the end of 2021

- initiatives to support the role of local and regional authorities in promoting the social economy.
- boost the visibility of the social economy with a broad communication campaign, which could include publishing a guide to public social economy policies
- selecting a European Capital of Social Economy
- creating a single online platform which links all European studies and reports on the social economy and the opportunities offered by the EU in this field.

Recommendations from the EU Committee of the Regions

A challenge for social enterprises – to support an **inclusive digital transformation**, that includes the vulnerable

Digital inclusion works better when aligned with social economy

Social economy could & should support and make use of the digital transformation revolution:

Promoting digital inclusion, by taking into account national and regional contexts and addressing the challenges associated with:

- **Digital access** (poor infrastructure roll-out);
- **Digital affordability** (cost of connection and of computers and similar devices);
- **Digital skills** (digital literacy);
- **Digital awareness and/or relevance** (limited awareness of the benefits and absence of relevant content in local languages);



Let's share more on how social economy can be supported to lever recovery, resilience and an inclusive digital transformation, that leaves no one behind!

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