



Position on Social economy

Introduction

The European Commission's 2021 Social Economy Action Plan "Building an economy that works for people" marked a significant step forward in Europe's ambitions to develop and strengthen the role of social economy. The comprehensive plan aims to create favourable framework conditions, support opportunities to start up and scale up, and to enhance the recognition of the social economy's potential. Building upon this foundation, the Council Recommendation on developing social economy framework conditions adopted in November 2023 further manifests the EU's increasing support to the social economy.

In addition, the Commission has published a proposal for a Directive on European Cross-Border Associations, which follows-up on the 2022 European Parliament's report with recommendations on a statute for European cross-border associations and non-profit organisations.

Samaritan International strongly welcomes the initiatives in support of the social economy, as well as the objective to facilitate the cross-border operations of associations. The social economy sector has been growing over the last years and today, employs an estimated 13.6 million people in a diverse range of sectors, from social and care services to housing, recreation, affordable energy and many others. Yet, is still only seen as a part of or as a sub-sector of the European economy, rather than to be considered as a systemic change that needs to happen to build a more sustainable economy.

SAM.I. believes that a real mindset shift needs to take place and that deliberations on economic matters and competitiveness need to be intrinsically linked to social considerations, rather than, as currently mostly the case, to be treating social economy as a separate discussion. Economies that put people before profit need to become a reality, in order to reduce existing inequalities and to increase social cohesion. To develop the social economy further, SAM.I. considers that not only the continuous promotion of a mindset shift to achieve systemic change is necessary, but also the use of all available tools on European and national level to set up favourable framework conditions.

Definition of Social Economy

The European Commission has introduced a definition of social economy, that covers entities sharing the following main common principles and features:

- 1) the primacy of people as well as social and/or environmental purpose over profit,
- 2) the reinvestment of most of the profits and surpluses to carry out activities in the interest of members/users ("collective interest") or society at large ("general interest"), and
- 3) democratic and/ or participatory governance.

Social economy thus includes entities from social enterprises, cooperatives, mutual benefit societies, associations (including charities), and foundations. The broad spectrum of entities and legal forms covered shows that the term "social economy" refers to a wide range of organisational set-ups which cannot all be considered the same way. SAM.I. considers that a more differentiated view of the different pillars of the social economy is necessary.

The members of Samaritan International are all non-profit organisations with a public benefit purpose, active in various social services, medical and emergency services, disaster preparedness and response, civil protection, humanitarian aid and/or first aid training. In addition, our members invest a



lot of resources into attracting volunteers, their training, as well as the management and retention of volunteers. Today, the SAM.I. network supported by the work of about 150.000 structurally engaged volunteers.

The public benefit is therefore not only embedded in the services and activities provided by the organisations but also through the promotion of volunteering which is an important form of civic engagement and fosters social and democratic values.

Under the umbrella of the social economy, **non-profit civil society organisations with public benefit purpose must be considered as a corner stone**, closing the gap between public service provision and private offers motivated by economic interests. These organisations provide services even in unprofitable areas, for example in the social sector in the, which go beyond the coverage the state is able to provide.

This pillar of the social economy especially needs supportive framework conditions, including access to funding, favourable taxation rules and state aid application, socially-minded public procurement, but also low administrative burden and clear application of (currently national) legal frameworks on public benefit status, where such legal frameworks exist.

[Council Recommendation on Developing Social Framework Conditions](#)

With the Council Recommendation on developing social economy framework conditions Member States have agreed to adopt or update within 24 months their social economy strategies or integrate the social economy into relevant strategies or other policy initiatives. **It is crucial that social economy stakeholders are from the beginning closely involved** in this process, as well as in the implementation of the strategies. The strategies should further set the right enabling framework conditions for the various entities included under the term social economy.

Especially the considerations on social inclusion and the collaboration of Member States with social economy entities within their respective areas of action when establishing and providing services of general interest and the involvement of social economy entities in the design and delivery of people-centred social and care services, are very important. Non-profit organisations often offer additional services or fill service gaps which cannot be covered by the public service offer.

The Recommendation further encourages Member States to improve access to markets and public procurement, to make efficient use of state aid rules and to set up an enabling taxation framework to strengthen the social economy.

Samaritan International considers that **official national targets with regard to the development of the social economy's share are necessary** to set up and design ambitious national social economy strategies. As part of these strategies, Member States should increasingly use strategic public procurement and favourable application of state aid rules, in support of social economy entities.

[Directive on European Cross-Border Associations](#)

In September 2023, the European Commission published a proposal for a Directive on European cross-border associations. The proposal establishes an additional legal form of a European cross-border association (ECBA) in Member States' national legal systems, with the objective of reducing



legal and administrative burden when it comes to the recognition and establishment of non-profit associations engaging in activities in another Member State.

Overall, **Samaritan International welcomes the Commission's initiative as it increases the recognition of non-profit organisations** and, for the first time, defines "non-profit purpose" in EU legislation, prescribing that any profits generated are used only in pursuit of the objectives of the association. SAM.I. fully supports the aim of reducing the administrative burden and facilitating the activities of non-profit associations in another Member State. The element of mutual recognition and non-discrimination vis-à-vis national non-profit associations is a key element of the proposal and needs to be implemented in practice, including on taxation of foreign donations, in order to be effective.

SAM.I. is however concerned that the proposal is too market-focused and does not achieve a comprehensive framework for this particular pillar of the social economy. In its 2022 "Resolution with recommendations to the Commission on a statute for European cross-border associations and non-profit organisations", the European Parliament had acknowledged the risk of restricting civic space through the denial, refusal or challenging of organisations' status as public benefit organisations and thus introduced conditions for a public benefit status at European level, including mutual recognition by the Member States when a European Association is granted such a public benefit status.

Samaritan International regrets that the Commission proposal has left out this important aspect and **calls for a European framework and definition of "public benefit status" that creates certainty and removes the burden of continually having to prove the applicability of exceptions for charitable organisations**, therefore allowing them to focus their resources on their core activities and services to citizens. A common European public benefit status would substantially facilitate the application of supportive national financial and tax treatment or relief measures, as well as cross-border donations.

Another point of concern is the Commission's approach on the governance of European cross-border associations, which prescribes that only natural persons that are Union citizens or legally resident in the Union and legal entities with a non-profit purpose established in the Union, through their representatives, may be members of the executive body of an ECBA.

Samaritan International is a network composed of 21 non-profit associations, both from EU Member States and from countries in the Western Balkan, as well as the Eastern Neighbourhood and strongly believes that the cooperation and collaboration of EU civil society with civil society organisations beyond the EU's borders is a key element to a successful enlargement and integration process. **Therefore, SAM.I. considers it crucial, that there is no restriction of an ECBA's executive body to EU nationals or residents.**

ABOUT SAMARITAN INTERNATIONAL

SAMARITAN INTERNATIONAL is a European network of 21 non-profit civil society organisations from 19 European countries. We are politically and religiously unaffiliated and cooperate across borders within our network, on a regional, bilateral, and multilateral basis. Our members are active in the areas of social services, first aid and rescue services, civil protection, humanitarian aid, youth work, and volunteer management. Our work is conducted with the support of about three million individual members and almost 150.000 volunteers.