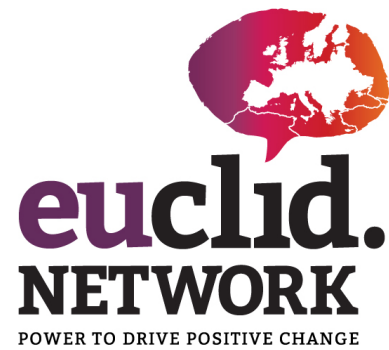


London, 24 September 2018



Position paper

On the 5th of July 2018, the European Parliament voted on its own initiative *Report with Recommendations to the Commission on a Statute for Social and Solidarity-based Enterprises*. This resolution calls on the Commission to improve the regulatory framework of social and solidarity-based enterprises by creating a “*European social economy label*”. The European Commission is expected to formally respond to this resolution by the beginning of October.

Euclid Network’s vision is to see civil society organisations and social enterprises empowered to drive positive change. We bring together civil society and social enterprise federations, universities and training institutes, social investors, frontline NGOs and social enterprises. Together with our members and partners, our mission is to:

- Create connections between civil society and social enterprise leaders
- Share and produce leadership, professional and entrepreneurial knowhow
- Influence European policy and funding and strengthen members’ and network participants’ EU engagement
- Raise the visibility and understanding of civil society and social enterprise in business, academia, government and the wider society

Social enterprises are key actors of the European single market, combining social, environmental and community objectives with entrepreneurial activity. As representatives of social enterprises in Europe, Euclid Network is delighted to see the dedication and support expressed by the European Parliament to promote the sector.

European level?

While sharing the European Parliament’s ideas on the importance of social entrepreneurship, members of Euclid Network question whether a legal definition at European level is necessarily helpful (perhaps it is better left to the Member States). When developing a Statute for Social and Solidarity-based Enterprises it is inevitable that certain enterprises will be excluded. As Teodor Petricevic, Director from our member organisation ACTGRUPA, points out: “*social entrepreneurship in many EU countries is still in early development stage*” and there are substantial national variations. The network’s view is that the social enterprise market is not yet mature enough throughout Europe to warrant such a definition.

Impede innovation?

What is more, the labeling of social enterprises might impede innovation in the sector. One of the strengths of social enterprises is their capacity to adapt to new societal challenges through their form (governance) and/or their services (impact creation). “*The world is evolving and business models tend to change*” highlights Patricia Armstrong, CEO of Acosvo and Board member of Euclid Network. Greater regulation risks squeezing out newer and more hybrid forms of social enterprises.

Tangible incentives?

Furthermore, the question of utility arises. Would a European label or certificate for social enterprises be available, what would be the concrete advantage of holding such label? Any certification process is time consuming for social enterprises. *“Would it, in turn, lead to guaranteed advantages in public procurement, greater access to European funds or other business benefits?”* questions Neven Marinovic, CEO of Smart Kolektiv and President of Euclid Network. A proposal for certification should include real business benefits.

Who is to grant such label?

Finally, our members and partners raise the issue of determining which authority will be responsible to grant such label. *“A pure government-led certification process may take the power out of the hands of social enterprises”* warns managing director, Lucy Findlay, of Social Enterprise Mark CIC, which has over 10 years of experience with labeling social enterprises in the UK (and are open to share their expertise with the European Parliament). Existing labels such as Fair Trade or B-Corps, have been developed by the industry itself as a self-regulation.

The way forward

In the interest of the social enterprise sector, the EU might want to put more focus on the expansion of access to innovative finance, promotion of social value in public procurement, nudging consumers to buy social and ethical products and support for learning opportunities among social entrepreneurs and their support organizations across borders. As Euclid Network, that’s where we’ll be placing our efforts in the years ahead.

Read more about the resolution:

- [European Parliament resolution of 5 July 2018 with recommendations to the Commission on a Statute for social and solidarity-based enterprises \(2016/2237\(INL\)\)](#)
- [Citizens Summary](#)
- [A map of social enterprises and their eco-systems in Europe, European Commission \(2014\)](#)