

## **Supporting the social and solidarity economy in the European Union**

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Personal services are one field in which demand is growing quickly in response to major social and demographic developments, chief among these being higher rates of female employment, changes in family structures and population ageing. The proportion of single-person households in Europe, similarly, is on the increase. This trend goes hand in hand with a growth in single-parent families. These are the underlying trends which are generating a growing need for personal services for the elderly and disabled, and for childcare services. For instance, the Childcare Network has estimated that providing services for an additional 10 per cent of young children could generate some 415,000 new jobs (or 625,000 if the knock-on effect on other sectors is included). Other major changes, such as growing urbanization in Europe, the reduction in working time, higher levels of education and increased concern for the environment, are creating a demand for urban, cultural, leisure and environmental services, and all of these could be the source of new jobs. The White Paper that sets out the European Community's thinking for the twenty-first century (European Commission, 1993) puts the stress on dealing with new needs and tapping new sources of employment: 'Many needs are still waiting to be satisfied. They correspond to changes in lifestyles, the

**BOX 11.1** The European Commission's new services typology

- *Everyday services*
  - domestic services
  - childcare
  - new information and communication technologies
  - help for young people in difficulty, and integration
- *Quality of life services*
  - housing security
  - local public transport
  - rehabilitation of urban public areas
  - local shops
  - energy
- *Cultural and leisure services*
  - tourism
  - audiovisual
  - cultural heritage
  - local cultural development
  - sport
- *Environmental services*
  - waste management
  - water management
  - protection and maintenance of natural areas
  - regulation and control of pollution, and associated installations

Source: European Commission, 1995.

transformation of family structures, the increase in the number of working women, and the new aspirations of the elderly and of very old people. They also stem from the need to repair damage to the environment and to renovate the most disadvantaged urban areas.' It affirms that 'some three million new jobs could be created in the Community, covering local services, improvements in the quality of life and environmental protection' (European Commission, 1993: 20).

To take a more detailed look at this question, the European Commission conducted a survey which led, eventually, in 1995, to a Commission working document entitled *Local Development and*



*Employment Initiatives.* This document confirmed the importance of these new activities and the originality of successful approaches. The result was a typology of nineteen types of service in four main sectors of activity covering the new needs. This chapter, based on research in four countries (Germany, France, Italy, the United Kingdom) on about two dozen successful social enterprises which have been running for at least three years and meet important local needs in novel ways, seeks to go in more detail into how such initiatives arise and how they can be consolidated. These case studies cover a wide range of service areas.

### **New services, new needs, new modes**

The new services are not only a reflection of the growing importance of services in a tertiary economy. There is general agreement that the new jobs in the future will come mainly from the service sector (European Commission, 1996: 8), that the services that local initiatives and others covered in this book describe are best characterized as 'relational services' – that is, services based on direct interaction between the service provider and user. Such services are clearly distinct from standard services such as banking, insurance, telecommunications and public administration, which deal with codifiable information and are therefore of an industrial nature (see Baumol, 1967). At a time when industry and standardizable services – the bedrock of expansion up to and including the 1970s – are having to cope with international competition and major changes in information-handling technologies, preventing them from maintaining the capacity to generate employment as they have done in the past, local initiatives may offer a way of creating activities and new jobs in the relational services.

### ***The collective dimension of services***

Some of the new EU and similar social economy initiatives are concerned with *collective services*, in the traditional sense of the term, particularly in response to environmental problems, such as improved management of natural resources or the quality of life in problem areas.

A typical example are the Régies de quartier in France, which take on people from such areas and are 'owned' in part by housing associations and local authorities in order to provide caretaking or security services, or to manage the physical and natural environment.

Alongside these collective services, other initiatives provide services that meet individual needs but are also of benefit to the local community as a whole; in this sense, we might reasonably describe them as *socially useful* or *quasi-collective services*. The fact that such services are publicly regulated shows that the anticipated benefits are expected not just to accrue to private consumers, but also to tackle broader issues of social justice or collective externalities.

An obvious example of a blurring of the distinction between individual and collective services is that of childcare provision. Here, various authorities become involved in the funding of childcare provision for reasons of equity, so as to make the service accessible to as many people as possible, and to carry out quality checks. They may also intervene to generalize positive externalities for society in general, for example by facilitating the greater availability of women in the labour market or by enhancing the educational role of childcare facilities. The same goes for other personal services. For instance, initiatives providing housing for AIDS victims cannot be seen as just a service to individuals because they also pose the question of what place such people have in our society. The people behind these initiatives are carers who want to find alternative solutions to hospitalization for persons excluded from the family environment. By the same token, home-help services for the elderly generate positive externalities for society, by offering alternatives to hospitalization and preventing health expenditure on the elderly.

Another type of quasi-collective role fulfilled by the new initiatives recognized by the EU, but now for workers rather than consumers, concerns employment integration. Although the initiatives seek to integrate individuals into work, they also internalize the social costs that firms generally externalize, along with ensuring that occupational integration objectives go hand in hand with service provision proper. The originality of the initiatives lies in refusing to recruit people because they belong to 'target groups'; job integration is seen as the by-product of servicing a social need.

*The democratic dimension*

Local initiatives focusing on both the individual and the collective aspects of service provision blur the dividing line between the economic and the social. Key actors feel strongly that democracy cannot be achieved solely by making social adjustments to the market mechanism. For them, democratic relationships need to be embedded within economic initiatives, especially when market and state dynamics are unable to provide work for the active population as a whole. Accordingly the actors often see the initiatives as a means of extending democracy at the local level through the economy rather than the other way round. Such a goal is seen to be achieved, for example, by the role of the initiatives in internalizing social or environmental costs which tend to be externalized by other businesses. The local initiatives take responsibility for functions such as the occupational integration of disadvantaged people and the long-term unemployed, as well as for long-term development strategies for maintaining the local heritage and protecting the environment. The democratic goal is also considered to be attained by complying with such principles as occupational equality between men and women or accessibility to the goods and services produced.

The new initiatives are more than simply a source of jobs. They belong to a development model which embraces social cohesion and active citizenship. The initiatives belong to the 'social' or 'solidarity' economy, and, for this, share common traits.

**Founding the local social economy**

One of these traits relates to how the initiatives arise. A striking aspect of local service initiatives as opposed to other forms of business creation is their ability to gain backing from a social support network shaped by similar concerns and reflecting their democratic dimension.

*Social support networks*

Local initiatives are able to rally partners from different backgrounds. In some cases these are the *potential users of the services*, who identify a demand and seek to respond to it. In one case, for example, a group

of young people decided to open a café with live music, Le Gueulard, in response to a need they felt personally (see Box 11.2).

**BOX 11.2** The founders of Le Gueulard (France)

Le Gueulard was the brainchild in the 1980s of fifteen young people from disadvantaged districts of Nilvange, a town of 8,000 inhabitants in the region of Thionville in Lorraine, who met regularly in cafés. At the time, the group complained that there was nowhere to go where people could express themselves and feel at home: 'We couldn't find anywhere around here where everyone felt at home and which gave us a good image, while performing a certain cultural function. So we said: why not set one up ourselves?'

The social ethos of the establishment stemmed above all from the 'humanist' ideal (to use their own words) of its founders, promoting tolerance, open-mindedness, a listening environment, activity and social interaction. Tolerance and acceptance of differences both by a conventional and reserved population and by the institutions have developed as Le Gueulard itself has promoted these values.

At the time the project was created, 1984, the founders all had long hair, and they feel now that this gave them a bad image in the town at the very time when they felt a need for integration through a social and cultural life that they could structure themselves. It was against this background that Le Gueulard came into being.

The mayor of Nilvange played an important mediating role with the institutions: 'They all had long hair. Inevitably that made the place a den of iniquity in the eyes of the police and they raided it on many occasions ... it took all a great deal of effort to intercede and tell them that wasn't the way to go about things; the fact that they had long hair did not necessarily make them drug addicts, and so on and so forth. In the end, we sorted it out but there were a lot of teething problems at the start, particularly as they were also getting a bad press in the other cafés, which focused on this aspect.'

It was the mayor and the local council who pleaded the cause of the music café to a local population that was initially very hostile. In fact, the public was won over so completely that the planning officer has become a member of the town council.

In other cases *professionals* act as intermediaries and identify social demands which have not yet been catered for in order to bring about the creation of new initiatives. Such professionals may be local public officials, individuals directly involved in the sector in which the service has been developed, or intermediaries helping new organizations to get off the ground. There are also *mixed groups of users and professionals*: a gap may be identified as a result of contact between individuals who have encountered certain needs in their daily lives and professionals aware of particular problem areas.

Other ventures arise out of *shared awareness of a problem perceived as urgent and requiring action*. Despite the diverse backgrounds of the people involved, they have a common experience that has made them 'demand side stakeholders' (see Ben Ner and Van Hoomissen, 1991). This enables the support groups to generate real ideas for services, because their starting point is the perception that there are no suitable answers to the problems they are encountering. In this, the new venture differs from standard approaches shaped solely by market or social needs analysis. The clear message is that public authorities wishing to support local initiatives must concentrate more on promoting the emergence of such 'demand side stakeholders' than on researching unsatisfied needs.

Local orientation is an integral factor, because the appearance of such stakeholders involves proximity in two senses: objective proximity in the geographical sense, and subjective proximity shaped by the relational dimension of the service. Action depends on the creation of a local forum for dialogue based on interactive exchange which enables supply to be matched with demand without imposing stereotyped answers on the needs that are identified. This helps to reorient service provision towards the joint construction of supply and demand in which users play a key role, through their own direct initiative, through the intervention of professionals aware of unsatisfied demand, or through partners concerned about the issue in question.

### *Social and civic entrepreneurs*

While the social network is an active component of local initiatives, the impetus provided by entrepreneurs is essential for their success. However, their motivation is not purely material. While entrepreneurs

obviously desire a return on investment, they also seem keen on developing new ways of 'living together' through their shared concern for a common good. A feature of such entrepreneurs is their desire to enhance democracy at local level through economic activity. They are known as 'social and civic entrepreneurs' because their economic activity is shaped by a model of society-serving economy. For example, although the director of Kinderbüro (Box 11.3) says that the initiative has a commercial nature, the route she has taken

**BOX 11.3** The founder of Kinderbüro (Germany)

The whole concept of Kinderbüro rests on the knowledge, professional track record, campaigning spirit, personality and reputation of its founder Gisela Erler, and in particular her strong feelings about the situation of women.

Gisela Erler is a trained sociologist and worked in this capacity for twenty years at the Deutschen Jungen Institute in Munich. Her research there concentrated on the family and working women. In 1987 she published the *Müttermanifeste*, which had a strong impact among her peers, in the press and among the political parties.

Her ecological awareness led her to become active in the Green Party, which set up a whole range of working parties on the status of women, reconciling work and family life, and so on, in the 1980s. She reports that, in practice, the Greens had very conventional ideas about the role of women. Just as progress was being made, German unification and the deteriorating economic situation meant that nothing was done to resolve women's work-family dilemma. There were other priorities to worry about.

Her German and American background, and various visits to the United States, together with her acute perception of the situation of women, drew the founder of Kinderbüro into the ranks of the enterprise creators, with a number of aims:

- helping women to reconcile work and family;
- creating jobs to develop outside of Kinderbüro;
- changing the relationship between private enterprise and the state;
- improving the professional skills of the people recruited and putting the relationship between families and staff on a more professional footing.

shows how important her own ideas about the role of women have been in getting the project off the ground.

### *Project partnerships*

The links between support networks and entrepreneurs vary among different initiatives. The entrepreneur may mobilize the network, just as the network may lead to the emergence of the entrepreneur. These two interlinked components should always be considered as such. However, they should not be confused with the third, and just as indispensable, component, which is local partnership. The hypothesis that can be put forward from an observation of local support systems is that there is a risk of partnership becoming an end in itself rather than a means to an end. Partnerships are supposed to break down barriers that hinder public action, in particular by improving coordination between state and local authorities. Faced with operational difficulties, partnerships can become dominated by an inter-institutional logic which, rather than mobilizing local society, can swell the ranks of social engineers whose powers of expertise lie in their knowledge of administrative circles, resources and procedures. The paradox of local partnership in such a context is that its initial concern to shift decision-making closer to the 'grassroots' can end up with problems being tackled in a technical way by forums monopolized by specialists.

To ensure that target groups remain genuinely and actively involved, public authorities must place themselves in a situation where they can listen to and enter into a dialogue with the society that they claim to serve. It is by finding the right balance between *respecting the autonomy of the project* and *providing a supportive partnership* that local initiatives can work best. Such awareness can yield innovative institutional changes, including new laws recognizing the originality of operating methods (see Box 11.4 for the law on social co-operatives in Italy).

Sometimes laws are given substance by innovations originating in the community at large. One example is Exodus. In 1975, Law 354 establishing alternative penalties for prisoners was passed in Italy. At the end of 1986, the judge responsible for overseeing the terms and conditions of prisoners' sentences and the charity Catholic Aid noted that there was a legal framework making it possible to deploy

**BOX 11.4** Legal recognition of social welfare co-operatives (Italy)

The operating principles of social co-operatives were recognized and legitimized by Law 381 of 8 November 1991. Since 1981 such co-operatives had been calling for a national law in keeping with the specific nature of this type of co-operative. Labour co-operatives are in principle intended to provide their workers with ownership of a production resource, whereas social solidarity co-operatives mobilize a broader and more heterogeneous social base.

The contribution of the 1991 law, which was debated for almost ten years before being passed, was to recognize the goals of such enterprises, defined not to maximize the interests of their partners but to look for 'the human advancement and social integration of citizens as a way of serving the general interests of the community'. This law thus establishes the principle, reserved in the past for associations, of social solidarity, putting founding principles of the co-operative movement on an institutional footing.

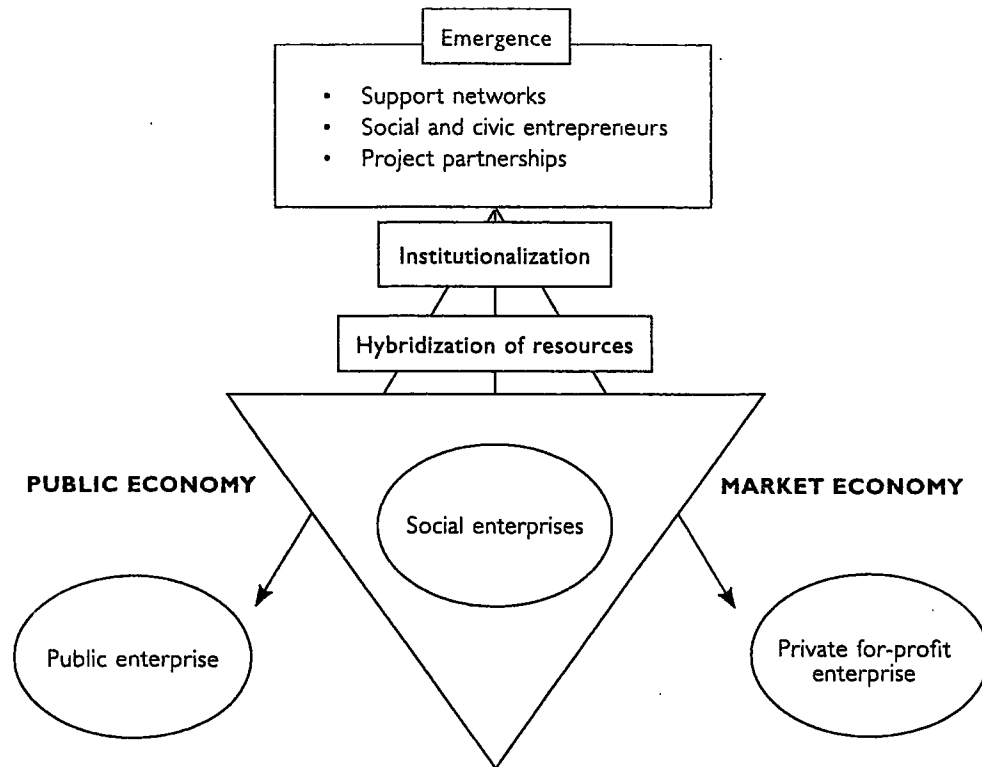
*Source:* Law of 8 November 1991, No. 381, 'Regulation of social welfare co-operatives'; definition in Article 1.

alternative penalties for people in prison, but that there were no specific schemes to implement these alternative penalties. They asked Brescia's consortium of social co-operatives (Sol. Co. Brescia) to come up with a project: Exodus was launched at the end of 1987.

**From local initiatives to social and solidarity economy**

Although the new local initiatives share common features at their origins, their types of economic institutionalization can vary. Poised between for-profit markets and public-sector objectives of general interest are social enterprises with hybrid mixes of resource and institutional form (see Figure 11.1; also Borzaga and Defourny, 2000; Nyssens, 2006).



**FIGURE 11.1** Local initiatives: from emergence to institutionalization

A distinctive type of institutionalization is now appearing through local initiatives, involving a hybrid mixture of commercial, non-commercial and non-monetary resources. This is not just a temporary means of operation associated with the establishment of an initiative, but one increasingly becoming a permanent method of balanced management.

This institutional arrangement comes with different denominations in different countries (e.g. social co-operatives, self-help groups, community businesses, etc.). However, across the varying national contexts two common aspects are shared. First the initiatives share an *entrepreneurial dynamism* in the sense that the production of goods or services is carried out by a group relying on self-financing, assistance from the public authorities, and mobilization of non-monetary resources (voluntary workers, voluntary contributions). Second, they share a *social, environmental or cultural objective* in the sense that the activity is aimed not at increasing profit for its own sake, but at providing a service to stakeholders, with profit reinvested for this purpose.

*La Feuille d'Érable: An example of social and solidarity economy*

La Feuille d'Érable in Rennes, France, demonstrates the partnership innovations that can facilitate new activities committed to the social and solidarity economy. La Feuille d'Érable's economic operation in waste paper is built largely on an agreement signed in 1988 to maintain and develop the waste paper/cardboard recovery and recycling industries, which are of national importance. Then, France imported 50 per cent of its requirements for paper, cardboard and papermaking pulp. The city of Rennes agreement involves the various stakeholders and trades in the waste paper/cardboard recovery and recycling industry. It accepts that self-financing of enterprises through the sale of recovered materials is an illusion which must be set aside if the recycling industry is to be supported. It was through its ability to mobilize public resources that La Feuille d'Érable was able to continue its activity. Non-commercial resources amount to almost 50 per cent of its operating budget. New national regulations allowing the removal of household waste by third-party ventures ensured that La Feuille d'Érable was able to rely on public contracts, which have ensured its survival.

The public support allows La Feuille d'Érable both to survive and to deliver its social and solidarity commitments. The support comes in the form of price guarantees for an agreed volume of waste paper collected by the social enterprise, which enables it to have stable resources that ensure the continuity of its activity. Under the agreement the enterprise recovers 2,300 tonnes of waste paper/cardboard from a population of 200,000, guaranteeing a turnover of €161,000 per year. La Feuille d'Érable was the first venture to benefit from such a contract in a city. The scheme is now replicated in 300 communes or groups of communes in France.

Such financial cushioning is not an obstacle to core social economy principles. Quite the contrary. The enterprise continues to rely on and attract voluntary help. For example, La Feuille d'Érable enjoys the voluntary, unprejudiced involvement of its project managers. Though now less important than when the venture was launched, this input is still crucial for the continuation of the project. It also relies on civic volunteers, who organize events and awareness-raising events on recycled paper in schools. It would be impossible to carry

out such activities without them. It is through such actions that the non-commercial aspects of the enterprise's original objectives are achieved, namely the promotion and distribution of recycled paper and raising public awareness of the problems of wastage, recovery and recycling. Finally, La Feuille d'Érable relies on the participation of users. Such participation is difficult to measure, but is vital for the economic operation of the service: local collection could not take place without a process of selective sorting at source. User involvement helps to increase waste recovery and efficiency. It is estimated to have reduced costs by 50 per cent.

### **Policy recommendations**

Public support for the social and solidarity economy still lacks clarity on the prime function of this sector, specifically its relationships to social measures against unemployment. From the 1980s, different states in Europe have come to recognize the role of local initiatives in this sector, but only as a vehicle for reintegrating the most disadvantaged into work. Strongly conditioned by social measures to combat unemployment, the initiatives found themselves forced into the rationale of the employment programmes being implemented, losing sight of their original aims (see Box 11.5). Once they fall into this trap, the local initiatives are redirected from the objective of exploring new means by which tomorrow's activities and jobs can be created towards becoming a palliative potentially legitimating deteriorating working conditions and wages.

Turning to more practical concerns, the obstacles most frequently encountered by ventures in the social and solidarity economy affect all stages of the initiative, from the original idea to start-up and operation. *In the initial phase*, when putting together the idea of the project, promoters are obliged to 'prove themselves' in order to obtain funding. This introduces automatic selection, even in schemes most open to innovation. The initial screening process eliminates many projects that are highly motivated but unfamiliar with the institutional channels of financing. This bias especially affects disadvantaged communities, which, instead of being assisted in putting together their projects, are systematically discouraged

**BOX 11.5** The significance and limitations of social policy unemployment programmes

To counter increasing unemployment through active employment policy, and in the light of the evident limitations of training and recruitment subsidies, various social policy measures directed towards employment have been developed in Europe. Based on new forms of work combining productive activity and social integration measures, these take their inspiration from a simple observation. On the one hand, there remain a number of unsatisfied needs, and, on the other, a large number of people remain unemployed. It would therefore appear logical to promote job creation in activities responding to the latent demand.

One limitation of this linkage relates to the replacement of qualitative with quantitative targets, under the pressure of the sheer volume of unemployment that needs tackling. Support becomes a question of numbers. However strong the understanding at the beginning of the programmes that the jobs created will not substitute regular jobs in the private or public sector, or effortlessly facilitate reintegration, its significance is gradually eroded.

The social programmes then serve a second permanent labour market, one in which the unemployed continue to be found only temporary work. In this situation, in many ways unprecedented, a restrictive definition of the initiatives leads to their assimilation into a particular type of social programme. Rather than being considered on their own terms, they are treated as an amalgam of social measures and new activities. The outcome is reciprocal frustration – the representatives of local communities and the public sector who encourage activities in this field are disappointed with the results obtained, while the promoters complain of lack of support. The consequence is the proliferation of temporary, menial work, against the central principles of the social and solidarity economy.

because their ideas are deemed unrealistic according to standard administrative criteria.

In such unfavourable conditions, the only projects to get through are those whose promoters are well versed in the ins and outs of administrative procedures, those supported by local worthies, or

those which enjoy the services of local development actors (provided by the social institutions, local authorities, etc.). Opportunities are far from equal.

*In the start-up phase of projects* there is a need for recognition of the intangible investment needed for projects to succeed. Projects cannot simply be thrown together, and the construction process is made more complex by the multiplicity of environments faced: socio-cultural (users, self-help networks, etc.), commercial (for market resources), institutional and political/administrative (for non-market resources). Traditional structures for supporting business creation fail to recognize the multidimensional nature of social and solidarity economy projects. There is therefore a need for methods attentive to the whole creation process, making available specialist help as and when required. Without this kind of support, any absence of professional expertise can increase distrust among local authorities, who perceive the project as an added social expense or meriting only casual, one-off support with no follow-up. The fragile status of promoters and staff means that projects face constant problems of continuity, sometimes solved by recourse to standard employment and social integration measures, deflecting the project from its original social rationale. Furthermore, initial investment costs and the need to set up an operating budget raise problems which are often practically insurmountable without the input of the project creators' own resources.

*During the operational phase* the main danger lies in funders adhering strictly to standard practices and controls. Current structures provide little room for manoeuvre to initiate new contracts as needs develop, with enterprises confined to activities originally proposed, unless they are prepared to battle for the occasional funds earmarked for innovation. Such funds, however, which are available in most financing institutions, tend to be non-renewable and fail to unlock funding from other budget headings.

On the basis of these observations, eight proposals can be made, in concluding this chapter, to help remedy the most crucial problems. They mainly concern operating methods, which need to be adapted to local circumstances.

1. *Financing intangible investment*

To prevent the problem of too many projects being submitted, thus forcing ventures to lower wage costs as a means of financing and putting together activities without adequate planning, policy priority should be given to financing the intangible investment on which the quality of future services will depend. Public authorities could, for example, undertake to finance projects which aim to create sustainable jobs and contribute to strengthening social cohesion, as long as project promoters agree to work with an advisory structure to assist them in formalizing their project. To compensate for the failure of available funds to keep up with investment needs, which explains a good measure of failure and high turnover of projects, provision should be made for a one-year *grant for project construction*.

2. *Training for project promoters*

Training for people developing local initiatives in the social and solidarity economy should be encouraged and seen as distinct from training for business creation, which fails to take into account the factors at play in the emergence of such initiatives, such as the wide variety of ways in which institutions become involved. The organization of training specific to local initiatives is even more crucial in view of the fact that project promoters are forced to rely on voluntary input, which clearly generates selection biases. This is why *paid training* should be given to project promoters who have already completed the first stage, to provide them with a recognized period to get all activities under way.

3. *Engineering for project start-up*

Another recurring difficulty relates to financing management work because of the length of time needed to win the confidence of partners and clients and the wide variety of resources needed to negotiate with various partners. Various ways are found to get around this problem, including: underpayment of directors, giving priority to the volume of output at the expense of quality, recourse to state employment reintegration measures to recruit the first employees. All such responses have a negative impact because they give credence to the belief that local initiatives consist of badly paid and menial tasks

shoddily thrown together into a project. Two types of start-up aid could be used to prevent this: a programme of *aid to help create management and supervisory positions* within the initiatives, or a programme of *aid to secure an operating budget*.

Such intervention would help to reduce the wage burden, which is a crucial factor at start-up, without forcing the project initiators to resort to official unemployment measures and the restrictions they come with. It is essential to ensure that start-up funding is freed from policies targeting specific populations. Ventures need to be able to select according to the skills required and not the availability of particular agents under government aid programmes without considering the nature of the activity concerned.

#### **4. *Support to increase the professional status of jobs created***

Since training for employees should be closely adapted to the work done, *access to continuing training funds* must be increased. For homecare services in particular, training, monitoring and exchange of experience on work carried out, and psychological support are all factors in improving the quality of the service. Payment, which at present is discretionary and linked to external training leading to qualifications, must be made general and also extended to support continuing internal training.

It is also important to *establish recognized means of formalizing the content of training* developed in initiatives, which in some cases could act as a 'prototype'. Public authorities could then properly support measures to upgrade the professional status of jobs, since such measures would be born out of experience. What is needed is assistance that can respond to the demands arising from collective reflection between ventures in similar activities, and the sharing of similar aspirations to upgrade the professional status of jobs.

#### **5. *Assistance for volunteers***

While reliance on voluntary input due to lack of resources must be avoided, genuinely voluntary contributions should be encouraged. There are two ways in which public authorities could help: *financing voluntary service measures developed and implemented* by social economy federations and networks; and working with the competent authorities

to establish a *general system to cover the risks* to which volunteer workers can be exposed, and to recognize rights associated with voluntary work, such as recognition of experience acquired through working with voluntary associations.

The way to avoid working on a cost-cutting, semi-official, basis in the social economy is to find a way of combining paid work with statutory guarantees for voluntary work, the value of which must be recognized in a society in which free time is increasing and in which there is a need to re-establish community ties.

#### **6. *Support for intermediaries***

The capacity of local social economy initiatives to grow hinges to a large extent on the strength of second-level organizations such as consortia, networks or national committees which combine support and representation functions with other functions: such as *support, research, external communication, and internal communication*. Public support for these second-level institutions is of prime importance.

#### **7. *Building up a promotional environment***

These measures depend upon a move to transform the political and administrative system into a real system for encouraging initiatives. The best approach is local, to ensure adequate responsiveness. A first change needed is in the way local authorities operate: social economy initiatives cannot be treated merely as an aspect of social policy, but *social economy advisers* should be appointed within departments dealing with economic affairs, employment and vocational training.

The advisers could draw up *multi-annual agreements* specifying the financial contributions expected from the various partners, measured against clear targets. This would mean that local initiatives would no longer need to waste their energy on permanently renegotiating funding arrangements, and concentrate instead on developing services and relations with users and clients. The agreements could also act as a form of quality assurance. A comprehensive report would be submitted annually to parties to the agreement, and the public authorities would be empowered to undertake any form of evaluation deemed necessary to decide on the renewal or amendment of a multi-annual agreement.



It is also important, in the interests of equality, for the public authorities to have teams of *developers* capable of helping local ventures to turn ideas into real projects. Such agents could receive training on a sectoral or regional basis or through volunteer advisory structures to increase their capacity for action in the field.

#### **8. Developmental public policies**

Finally, real policy support for the social economy must be of a developmental nature and include an element of trial and error. Progressive adjustments are only possible if there is a monitoring and evaluation body capable of giving real-time support, monitoring outcomes and proposing changes from time to time. Essentially, public policy decisions in this area, where activities are closely linked to the community, should not be purely technical and administrative, but open to democratic discussion.

Policy support, thus, has to establish *social dialogue on a local basis*, bringing together social partners, local politicians and representatives of associations. The aim should be to open up a whole new field of negotiation on the problems of local social cohesion and employment that can lead to real mobilization. This would mean tying existing

#### **BOX 11.6** From network to public policies: France's solidarity economy

In France, enterprises identifying themselves with the social and solidarity economy launched an appeal in 1995 for recognition. These included the Comité national de liaison des Régies de quartier. In 1997 the networks were involved in a new appeal for policy recognition. They called upon the government to open the way for a right to initiative in this area, to support professionalization of jobs and networking of initiatives, set up regional funds for the development of local initiatives, and promote local social dialogue. In 2002, a national secretariat was established inside government for two years, and from 2004 several hundreds of elected public officers have been in charge of stimulating the social and solidarity economy at the local and regional levels, implementing innovative public policies in this field.

**BOX 11.7** Collective agreement covering workers in Italian social co-operatives

Since 1 April 1992, the status of employees in social co-operatives has been governed by a collective agreement. The agreement was signed by various co-operative movements – the General Social Cooperative Association, the National Association of Service Co-operatives (LEGA), FEDER Solidarietà – and by the trade-union movements – the General Confederation of Italian Workers (CGIL), the Italian Confederation of Workers' Unions (CISL), the Union of Italian Workers (UIL).

The agreement's aim is to organize relations between the various partners (private and public) and to identify and approve the economic integration of disadvantaged persons. To ensure that local issues can be adequately dealt with, provision has been made in the agreement for joint committees within each province. The main functions of these committees are to ensure that the collective agreement is properly applied and to verify the support procedures and integration process for the disadvantaged groups.

funds in the areas of social assistance, enterprise support, job creation and training into new negotiation arrangements. Negotiation could take the form of local concertation bodies bringing together employers, trade unions and association representatives. *Innovative public policies* are needed (see Boxes 11.6 and 11.7).

This could include financially supporting *transnational information and co-operation networks* so that a public culture of legitimacy around the social and solidarity economy can grow and so that actors and activists in different contexts can learn from each other and strengthen the global role and standing of this important sector of the economy. This book is one contribution in this direction.

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