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**SEED'S Planning Solidarity Economy Districts for Social, Economic,  
and Environmental Sustainability**

**Module 4 : Social and Solidarity Economy I : an Overview**



Center for  
Not-for-profit  
Law

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# Brief introduction about the module and its objectives and competences



Welcome to the Social Economy module! In this course, you will embark on an enlightening journey to understand the concept of social economy and its relevance in today's society.

Throughout this module you will gain a broad overview of the social economy, exploring its key principles, structures and the different entities that operate within it. We will look at the historical development of the social economy, examine its different forms such as cooperatives, non-profit organisations and social enterprises, and discuss the impact these organisations have on communities and economies around the world.

By the end of this module, you will have a solid grounding in the fundamentals of the social economy and be equipped with the knowledge to analyse and engage with this dynamic and transformative field.



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# Brief introduction about the module and its objectives and competences



## Skills

1. Ability to critically assess the role and impact of social economy organizations in various contexts.
1. Understand the economic principles that underpin the social economy and how they differ from traditional economic models.
1. Ability to communicate the principles, benefits and challenges of the social economy to diverse audiences.
1. Techniques for measuring and evaluating the social and economic impact of social economy initiatives.

## Competences

1. Learn about the historical development and evolution of the social economy.
2. Familiarize with various forms of social economy organizations, including cooperatives, non-profits, and social enterprises.
3. Understand the policies and legal frameworks that support and regulate the social economy sector.
4. Develop how to effectively engage and collaborate with community members and other stakeholders.



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# Brief introduction about the module and its objectives and competences



## Objectives



1. Having a comprehensive understanding of the social economy, its principles and its importance in promoting inclusive and sustainable development.
2. Increase awareness of social economy skills and methods.
3. Improve their knowledge of the skills and methods needed to effectively engage in and contribute to the social economy.
4. Learn new tools to promote the social economy.



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# Description of the activities



The activities are divided into 2 different modules, starting with a quick assessment of existing knowledge about the social economy and social enterprises, before delving deeper and explaining their unique conditions and growing importance for and within the EU.

In the second module, participants will be asked to identify the main differences between traditional for-profit enterprises and social enterprises.

They will then have the opportunity to learn from real social entrepreneurs through some videos, where they will share their unique insights and very personal journeys.

This module lasts 2 ½ hours including a 15 minute break.



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# What is Social Economy?



The social economy (SE) is the economy aiming at creating a positive impact for the people and the society, rather than just maximising economic profits.

The social economy is composed of a variety of businesses, organisations and different legal entities.

They share the objective of systematically putting people first, solving a variety of problems and generating beneficial outcomes for local communities and hence pursuing a social cause.

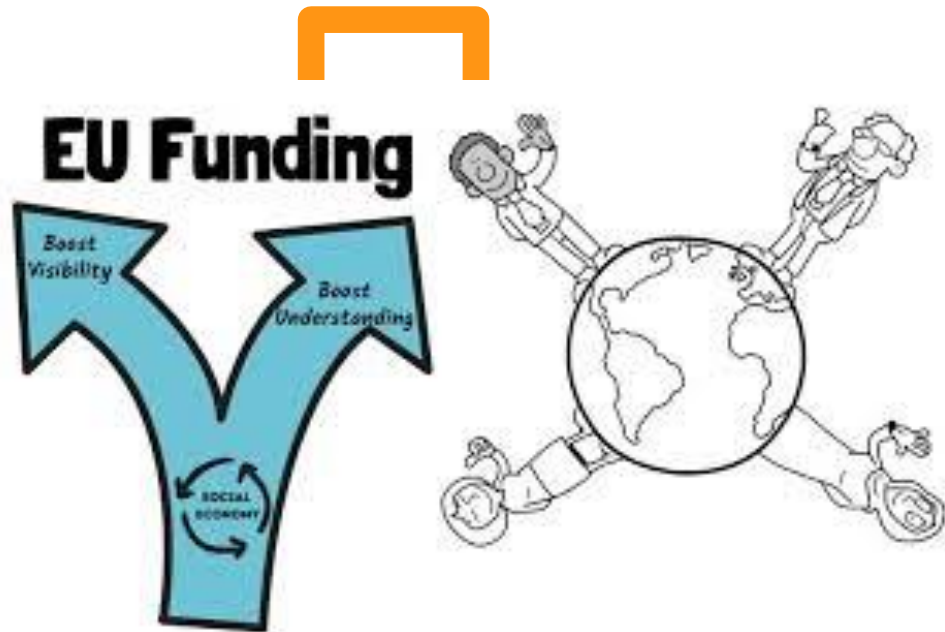
The social economy encompasses a range of entities with different business and organisational models. Social economy organisations come in manifold forms and shapes.

To learn more visit here : [What is Social Economy?](#) by Social Economy Europe



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# What is Social Economy?



Social Economy puts **people** before profit.

See also [Social Economy](#) by OECD



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# Historical context of the Social Economy



The social economy has deep historical roots and has evolved through different phases influenced by socio-economic changes, political movements and cultural shifts. This framework outlines the key historical milestones and developments that have shaped the social economy as we know it today.

## Origins and Early Development

The origins of the social economy can be traced back to the early cooperative movements of the 19th century. While the Industrial Revolution brought significant economic growth, it also led to harsh working conditions, low wages and social inequality. In response, workers and community members began to form cooperatives as a means of collectively addressing their economic and social needs.



One of the earliest and most influential examples was the Rochdale Society of Equitable Pioneers, founded in 1844 in Rochdale, England. The Rochdale Pioneers set out principles for co-operative enterprises, including democratic control, open membership and equitable distribution of profits, which became the foundation of the co-operative movement.



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# Historical context of the Social Economy



## Expansion and Institutionalization

In the late 19th and early 20th centuries, the cooperative movement spread throughout Europe and North America. At the same time, mutual aid and friendly societies emerged to provide insurance, health care and other social services to their members. These organisations were often formed by workers, ethnic communities and religious groups to provide mutual support and protection against economic uncertainties.

The social economy gained further traction in the early 20th century with the rise of social and political movements advocating for workers' rights and social justice. In many countries, these movements led to the establishment of legal frameworks and governmental support for cooperatives, mutuals, and other forms of social economy organizations.



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# Historical context of the Social Economy



## Post-War Growth and Diversification

After the Second World War, the social economy experienced significant growth and diversification. In many Western countries, welfare states expanded, and social economy organisations played a crucial role in delivering public services and addressing social needs. During this period, new forms of social enterprise emerged, combining business practices with social objectives to address issues such as poverty, unemployment and social exclusion.

During this period, international organisations such as the International Co-operative Alliance (ICA) and the International Labour Organisation (ILO) began to recognise and promote the contributions of the social economy to economic and social development. These organisations helped to standardise practices and facilitate the exchange of knowledge and best practices across borders.



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# Historical context of the Social Economy



## Modern Developments and Globalization

In the late 20th and early 21st centuries, the social economy has evolved in response to globalisation, technological advances and changing social dynamics. The concept of social entrepreneurship emerged, highlighting the role of innovative, mission-driven businesses in solving social problems.

Social enterprises, as distinct from traditional non-profit organisations, began to operate in various sectors, including health care, education, environmental sustainability and community development.

With the adoption of the [United Nations Sustainable Development Goals \(SDGs\)](#) in 2015, the importance of the social economy in achieving global development goals has been further highlighted. Social economy organisations are increasingly recognised as key actors in promoting inclusive and sustainable economic growth, reducing inequalities and fostering social cohesion.

Governments and international bodies have also begun to implement policies and initiatives to support the growth of the social economy. The European Union, for example, has developed strategies to promote social enterprises and to integrate the social economy into broader economic policies.



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# The importance of local economy for sustainable development

In 2015 the United Nations adopted the 17 Sustainable Development Goals (SDGs), setting the global agenda for the coming decade to end poverty, protect the planet and ensure prosperity for all. Although the SDGs were not designed by and for local and regional governments, they provide a universal ambition and valuable framework for all levels of government to align global, national and sub-national priorities within policies striving to leave no-one behind.

## SUSTAINABLE DEVELOPMENT GOALS



# The importance of local economy for sustainable development



- Although the SDGs provide a global framework to drive better policies for better lives, the opportunities and challenges for sustainable development vary significantly across and within countries. For example, regarding SDG 13 on Climate Action, some cities and regions are more vulnerable to climate change impacts than others. The global warming at 1.5°C may expose 350 million more people to deadly heat by 2050 (IPCC, 2018), exacerbated by local heat island effects. In Europe, 70% of the largest cities have areas that are less than 10 meters above sea level (OECD, 2010), thus exposed to higher risks of flooding
- But local communities are also part of the solution. For example, while transitioning from linear to circular economy, cities contribute to keeping the value of resources at its highest level, while decreasing pollution and increasing the share of recyclable materials.
- The varying nature of challenges related to sustainable development within countries calls for place-based solutions that are tailored to territorial specificities, needs and capacities now and in the future.



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# The importance of local economy for sustainable development





# Social Economy in the European Union

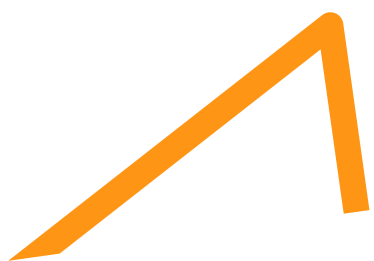


On 9 December 2021, the European Commission adopted a new [action plan on the social economy](#). With the action plan, the Commission put forward concrete measures to help mobilise the full potential of the social economy, building on the results of the [2011 Social Business Initiative and the 2016 Start-up and Scale-up Initiative](#).

The European Commission promotes the **social economy** and **social and inclusive entrepreneurship** because of their important role in job creation, work integration and inclusive and sustainable growth.

The social economy can help implement the principles of the [European Pillar for Social Rights](#) and deliver on its 2021 Action Plan and the 2030 headline targets. It also contributes to achievement of the sustainable development goals.

See also [Social and Solidarity Economy](#), by ILO.



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# Social Economy in the European Union



The European Commission supports social and inclusive entrepreneurship through:



## Funding

The EU is providing support to microfinance and social enterprise finance providers in the form of both repayable and non-repayable finance to enhance their potential in creating jobs and building a more social and inclusive Europe.



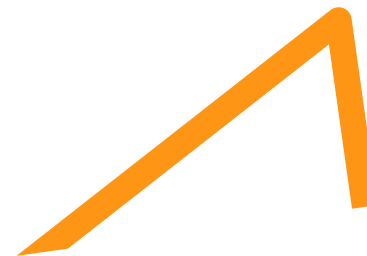
## Knowledge-building

The EU supports social enterprise through knowledge building and awareness raising.



## Policy work

The EU provides a range of policies to support and promote a more inclusive and social Europe.



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# What are the types of Social Economy organisations?



Social Economy organizations are entities that prioritize social objectives over profit maximization, focusing on social, environmental, and community goals. These organizations often reinvest profits to further their social missions. The main types of Social Economy organizations include:

- Non-profit associations
- Cooperatives
- Mutual societies
- Associations
- Foundations
- Social enterprises

Each type of organization has distinct legal structures, governance models, and operational focuses, but all share a commitment to prioritizing social, environmental, and community benefits over profit.



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# What are the types of Social Economy organisations?



They are organisations, independent of public authorities and with specific legal forms. They operate in

a large variety of economic sectors:

- Agriculture,
- Forestry and fishing,
- Construction, reuse and repair,
- Waste management,
- Wholesale and retail trade,
- Energy and climate,
- Information and communication,
- Financial and insurance activities,
- Real estate activities,
- Professional, scientific, and technical activities,
- Education, human health and social work activities, and
- Arts, culture and media

Social economy often is a grass-roots process, known to be anchored at local level and to foster socio-economic cohesion by promoting values such as solidarity, participation and cooperation.



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# What are the types of Social Economy organisations?



## Non-profit associations

Not-for-profit associations are organisations formed by a group of individuals who come together for a common purpose other than the generation of profit. These purposes can range from social, cultural, educational, charitable or other community objectives. The key feature of a not-for-profit association is that any surplus income is reinvested in the organisation's mission rather than distributed to members or shareholders.

Specific requirements and regulations can vary widely between jurisdictions, but the general principles of transparency, accountability and a focus on public benefit are consistent across different legal frameworks.

Video  
What is a NonProfit Corporation

<https://www.youtube.com/watch?v=6t6NnJsAC4o>



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# What are the types of Social Economy organisations?



## Cooperatives

Cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Cooperatives are based on the values of **self-help**, **self-responsibility**, **democracy**, **equality**, **equity**, and **solidarity**. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Video  
What is a Cooperatives

[https://www.youtube.com/watch?v=90FL\\_bBE4mw](https://www.youtube.com/watch?v=90FL_bBE4mw)



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# What are the types of Social Economy organisations?



## Mutual Societies

Mutuals are enterprises providing life and non-life insurance services, complementary social security schemes, and small value services of social nature. Their primary purpose is to satisfy common needs while not making profits or providing a return on capital. Mutual societies are managed according to solidarity principles between members who participate in its corporate governance. They are intended to be accountable to those whose needs they were created to serve.

In Europe there exist two types of mutuals:

- **Health (providence) mutual** - these predate modern social security systems and cover risks such as illness, handicap, infirmity and death. These are usually subject to specific legislation.
- **Insurance mutual** - these cover all types of risk (accident, life insurance, etc.) and are normally subject to general legislation regarding insurance.



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# Why is the Social Economy organisations important?



The social economy is a bottom-up process: it detects the real needs of the citizens and makes them part of the creation of solutions to several challenges, such as unemployment or precarious work, social exclusion, discrimination and racism, climate change or the lack of social cohesion. The social economy is a driver for societal progress and innovation bringing much-needed solutions to today's interrelated economic, societal and environmental challenges.

The impact of the pandemic, the risks related to climate change, the emergence and progress of digitalisation, blockchain, big data, and AI as well as the global deepening of inequalities and job insecurity, are trends that are quickly changing our world, bringing new opportunities but also new challenges, and urging us to debate about the future we want to live in.

Europe needs the social economy to reach out to its citizens, detect their needs and create tailored solutions to these challenges. In addition, the social economy, as well as its actors, can spread and promote the set of values (such as solidarity, democracy, respect, equality, mutual support, inclusion, diversity, freedom, etc.) that defines it. In a community where social economy actors operate, these values are automatically disseminated and, little by little, absorbed by the communities until they become unanimously accepted and recognized.



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# What is a Social Enterprise?



To have a unique definition of social enterprise is almost impossible.

In fact, many definitions exist since several organisational forms are used in Europe and around the World.

In Europe, social enterprises were born from the tradition of the social economy, which is characterised by the principles and values listed above: solidarity, social cohesion, the primacy of the individual over capital, social responsibility, democratic management, not-for-profit driven and reinvestment of the profit in the enterprise itself.

Video

What is a social enterprise?

<https://www.youtube.com/watch?v=EpmBTDeTSH>

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# What is a Social Enterprise?



The Organisation for Economic Co-operation and Development (OECD) has the following definition of social enterprises:

“any private activity conducted in the public interest, organised with an entrepreneurial strategy, but whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has the capacity to bring innovative solutions to the problems of social exclusion and unemployment” (OECD, 1999).

In the last decade, the European Commission has identified the social economy and social enterprises as innovative responses to the current economic, social, and environmental challenges, in which social entrepreneurs are striving to make a significant impact on society, the economy and the environment. Overall, social enterprises are operators in the social economy whose main objective is to have a social impact rather than make a profit for its owners or shareholders. Social enterprises operate by providing goods and services for the market in an entrepreneurial and often innovative fashion, having social and/or environmental objectives as the reason for their commercial activity.

Profits are mainly reinvested with a view to achieving their societal objective. Their method of organisation and ownership also follow democratic or participatory principles or focus on social progress.

See also [A map of Social enterprises and their eco-systems in Europe](#) ,

Synthesis Report, 2015, by the European Commission



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# What is a Social Enterprise?



What is a Social Enterprise?

Video

What is a social enterprise? - DBS

<https://www.youtube.com/watch?v=kBhwDjoWEcg>



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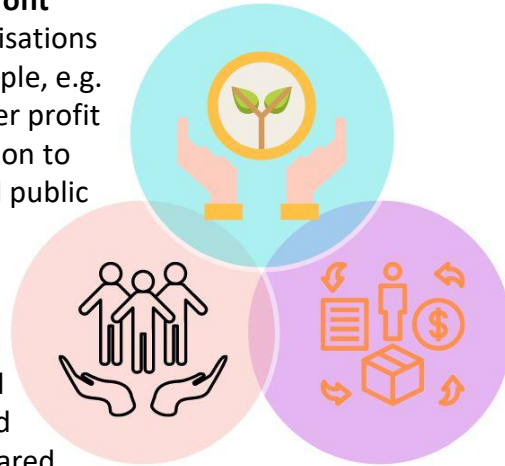
# What is a Social Enterprise?

## People and planet before profit

Social enterprises and organisations prioritise the planet and people, e.g. local communities, over sheer profit making, driven by their mission to serve the common good and public interest.

## Democracy at work

Social economy enterprises and organisations have inclusive and democratic governance, e.g. shared and participatory governance models.



## Reinvestment of profits

Social economy enterprises and organisations reinvest most of their profits and surpluses to pursue sustainable development objectives and do not partake in extractive financial practices.

Nowadays, social enterprises are present in almost every sector of the economy, serving the needs and interests of their communities and society. Indeed, social enterprises are versatile organisations, which address areas of unmet social need and create new social opportunities where other actors have failed to act. Having in mind the impact they have on the environment and society as part of their long-term vision and strategy, ultimately, they contribute to a new economy focused on wellbeing and prosperity beyond growth



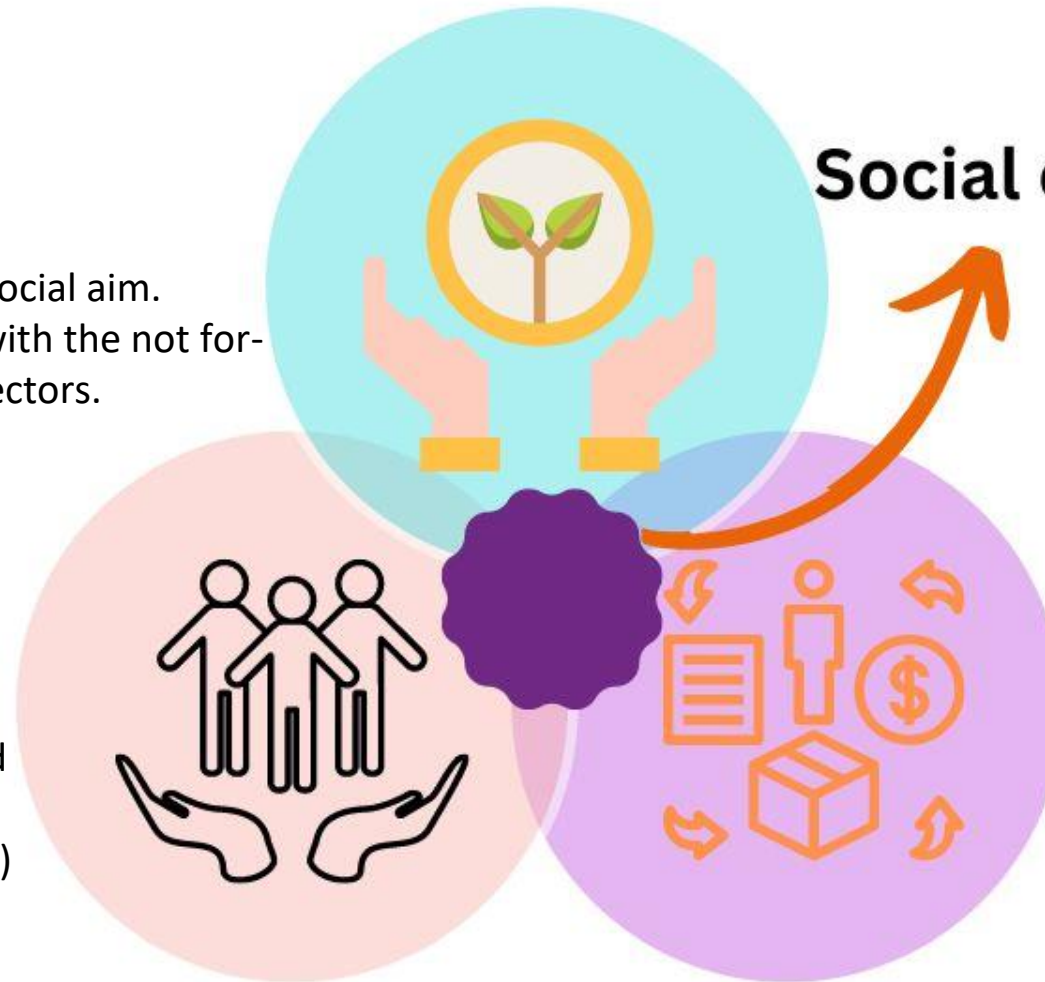
# Which are the three dimensions of a social enterprise?

## Social dimension

= an explicit and primary social aim.  
This dimension is shared with the not for-profit (NPO) and charity sectors.

## Governance dimension

= limits on distribution of profits and/or assets; organisational autonomy, shared, participatory and inclusive governance.  
This dimension is shared with (some) political grass-roots movements.



## Social enterprises

## Entrepreneurial dimension

= continuous economic activity  
This dimension is shared with mainstream enterprises, startups and all kinds of for-profit ventures.

# Conclusion

Social enterprises adopt a variety of legal forms depending on the national context.

Nevertheless, usually, and most commonly, social economy enterprises are organised in cooperatives, mutuals, associations, foundations, and social enterprises in those countries where this special legal form or a similar legal vehicle exists.

Despite the different legal forms, these organisations share (almost) all of the abovementioned values and characteristics.





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