Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege

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Feedback of the Federal Association of Non-statutory Welfare (BAGFW e.V.) on the Roadmap for the upcoming action plan on social economy

Die BAGFW hat sich an dem Fahrplan der Europäischen Kommission zum Aktionsplan für die Sozialwirtschaft mit einem Feedback beteiligt.

The social economy landscape in the EU is extremely diverse. However,

one needs to differentiate between for-profit and not-for-profit organisations. Moreover, the respective competencies of social economy actors vary greatly depending on national regulations and the field of social policies in which they operate.

Germany has a long tradition of not-for-profit social enterprises, which have dedicated themselves to solving societal or social problems within the framework of non-statutory welfare work and organised civil society. BAGFW is the collective voice of the six non-statutory welfare organisations in Germany. A distinguishing factor of non-statutory welfare in Germany with 1,4 million employees, we are advocating for the most vulnerable on a national and EU level, as well as enabling voluntary social work with up to 3 million volunteers. These features distinguish us from profit-oriented enterprises.

Our constitutional mission is enshrined in the Welfare State principle referred to in Article 20 (1) of the German Constitution. As social service providers, we provide social and care work to the most vulnerable in society. This model of providing a social ecosystem with the absolute primacy of the social objective has proven to be extremely flexible, citizen-oriented, innovative, sustainable, democratically legitimised and efficient, even in times of crisis. Therefore, not-for-profit social economy, and its innovative approaches, is indispensable for the further development of the welfare state.

The implementation of the objectives of the European Pillar of Social Rights would not be possible without an active role and contributions from (organised) civil society and the not-for-profit social economy. BAGFW therefore has high expectations regarding the Action Plan for the Social

Economy announced by the European Commission for 2021.

In the upcoming EU Action Plan for the Social Economy, the role of not-for-profit social enterprises needs to be recognised.

BAGFW highly supports the recommendations made in the EESC opinion INT/906 “Strengthening non-profit social enterprises” from September 2020.In order to strengthen the not-for-profit social economy in the EU, it is necessary to improve the legal framework for the provision of social services. With regard to EU public procurement law, public contracting authorities have to to be more open for the possibilities procurement law leaves for a competition based on quality and take into account not only the price but also social and ecological criteria in the sense of Directive 2014/24/EU. In addition, the financial framework must be improved, including sufficient co-financing rates and administrative simplifications in the EU funding programmes, but also the expansion of tailor-made funding programmes, such as for the promotion of social innovations. As of their legal status not-for-profit social enterprises cannot generate profits and face more difficulties in raising the necessary funds for investments on the financial markets in comparison to commercial enterprises and hence are more dependent on funding programmes.

For the Commission’s description of social enterprises, it is important to ensure that the generated profits are fully allocated to the fulfilment of the organisations’ social purpose.

Communication COM(2011) 682 final lays down a description of "social enterprises".

The six organisations of non-statutory Welfare in Germany fulfil these

criteria and even go beyond them by reinvesting all their surpluses in view of achieving social objectives. In the interest of an effective use of funds for the common good, they advocate that all surpluses generated by social enterprises are bound to be reinvested in the social aim of the organisation. The provision of services must be designed in a way that social infrastructure is available and close to the people, also in rural areas.

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