



Putting People Before Profits

Social Economy Handbook

Let us try to build a society and an economic system where people and their good are at the centre, not money.

Pope Francis

Social economy in Caritas Europa

WHAT Social Economy is for Caritas

WHY Caritas promotes Social Economy

HOW Caritas works in practice on Social Economy

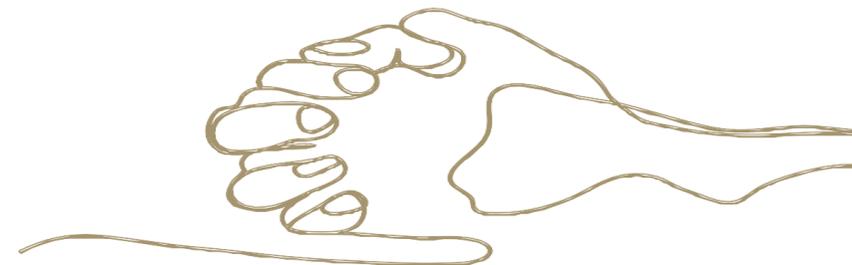


Why Caritas promotes Social Economy

1. How Social Economy contributes to Catholic Social Thought and supports Caritas principles
2. Benefits of Social Economy Enterprises for Caritas organisations
3. How Social Economy contributes to a more sustainable and cohesive society
 1. Social Economy and the Caritas Social Model
 2. Social Economy and the 2030 Agenda
 3. Social Economy and the European Pillar of Social Rights

How Social Economy contributes to Catholic Social Thought and supports Caritas principles

There is a clear recognition that economic activities must operate within a holistic moral framework: honesty and accountability, respect for human dignity, fairness, and a vision of the **integral and authentic development of individuals and communities that goes beyond mere material profits.**



Social economy and Caritas principles

Caritas principles	Social Economy contribution
Common good	<ul style="list-style-type: none"> By prioritising social objectives, Social Economy contributes to tackling social, economic and environmental needs in society in an innovative way. It can meet those needs that have been overlooked or inadequately addressed by the private or public sectors.
Solidarity and inclusion	<ul style="list-style-type: none"> Social Economy invests in people, in their capacities and creativity, and empowers them, with particular attention for the most marginalised. It also promotes cooperation, awareness, and engagement among the community.
Sustainability	<ul style="list-style-type: none"> Social Economy contributes positively to the three pillars of sustainable development (social, economic, environmental). It also promotes long-lasting aid and more sustainable inclusion.
Dignity	<ul style="list-style-type: none"> Social Economy promotes decent job conditions and salaries as well as providing tailored solutions for its employees. It invests in the skills and abilities of a person, while also considering his or her personal situation. This approach empowers people on their way toward independency, self-sustainability and greater self-esteem.
Reciprocity	<ul style="list-style-type: none"> Social Economy activates synergies that seek solutions on issues of collective interest. This makes it possible to go beyond the perspective of care, to activate reciprocity practices, and to produce both social and economic value.
Address the causes of poverty, not just the symptoms	<ul style="list-style-type: none"> Social Economy seeks to understand, affect and advocate for structural change or for addressing the systemic barriers that prevent change. This requires a broader understanding of the policies and processes that affect marginalised people and of the enabling environment in order for SE to develop and be fostered.
Subsidiarity and plurality	<ul style="list-style-type: none"> Social Economy promotes dialogue among different stakeholders. It enhances relationships between residents, the local community, and the wider society while also promoting collective responsibility.

Benefits of Social Economy Enterprises for Caritas organisations

Supporting Dignity and Skills of Beneficiaries

Supporting Dignity and Skills of Beneficiaries

Promoting dialogue, activating additional support and creating new alliances

Increasing autonomy

Additional credibility for advocacy work

Recognition as role model for other businesses and NGOs

Additional funding sources



How a Social Economy contributes to a more sustainable and cohesive society

Social Economy and the Caritas Social Model



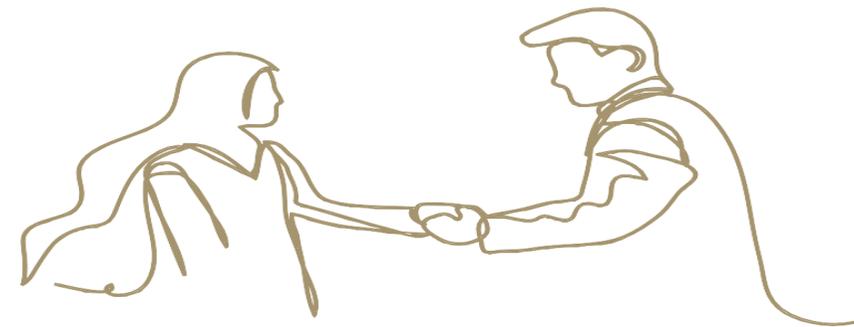
Family, inclusive labour markets and social protection are the three essential building blocks for fair and resilient European Social Models, addressing inequality, poverty, and social exclusion

How a Social Economy contributes to a more sustainable and cohesive society

Social economy and the sustainable development goals

SDGs represent a renewed global commitment to not only end poverty and hunger but also achieve universal social protection, reduction of inequalities, and environmental sustainability.

The agenda 2030 recognises the need to achieve “**sustainable development in its three dimensions - economic, social and environmental – in a balanced and integrated manner**”. This balanced approach lies at the heart of a Social Economy.



How a Social Economy contributes to a more sustainable and cohesive society

Social Economy and the European Pillar of Social Rights

EPSR is a European political commitment and provides guidance to the Member States and EU institutions. It aims at strengthening the social acquis and delivering more effective rights to Europeans. It builds upon 20 key principles, structured around three categories:



- Equal opportunities and access to the labour market,
- Dynamic labour markets and fair working conditions,
- Public support/Social protection and inclusion.

Social Economy Enterprises by their own nature fully contribute to the implementation of the European Pillar of Social Rights

How Caritas works in practice on Social Economy

1. Promoting an ecosystem in which Social Economy Enterprises can develop
2. Directly creating and managing Social Economy Enterprises:

Promoting an ecosystem where Social Economy Enterprises can flourish

In order to build such an ecosystem and make it work, it is important to consider three key elements:

- **Stakeholders**
- **Cooperation**
- **Innovation**

and to develop actions around them.



Guiding questions for analysing the existing ecosystem in your country

a. Identify the definition of a SEE in your country as well as the policies and legal framework. For this purpose, some useful questions are:

1. Is there any policy framework or specific legislation for SEEs in your country? What are the key elements?
2. Is it possible to identify some rules related to SEEs in ordinary legislation? If yes, what are the key elements?
3. Is there any group that promotes adequate legislation in this sense? If yes, who is it and what do they represent?

b. Identify public support for the Social Economy Enterprise. The questions to be addressed are:

1. Is there any interest among public institutions to support the development of SEEs in your country? If yes, what are the key elements?
2. What are the public support mechanisms for SEEs (funds or initiatives for start-ups, guarantee funds, funds for the employment of vulnerable groups, the matching of investors and entrepreneurs, support for business planning and international networking, university degrees or other kinds of professional training)?
3. List the scientific research expert and research groups in your country on your specific topic. Has any convention/conference been organised on this topic in the last three years?
Could some of these conference reports and experts be consulted?

c. Identify the Social Economy Enterprise networks in your country. It may be useful to discern:

1. The main networks of SEEs and social inclusion of interest in your country relative to your specific topic.
2. Websites with good practices that could be replicated in your region.

d. Analyse the social investment market by:

1. Identifying investors in Social Economy Enterprises.
2. Listing foundations that can offer grants/funds and identify their criteria for funding.
3. Building up a map of the key actors in your country for the SEE system, identifying names and level (local, national, international).

e. Map Social Economy Enterprises that exist in your country and consider:

1. Is there any database of existing SEEs in your country?
(Check ministries, agencies, chambers of commerce, other NGOs, etc.)

Starting and managing a Social Economy Enterprise

Assessment

Make it work: developing a social business plan

Financial planning

Branding

Measuring the generated social impact

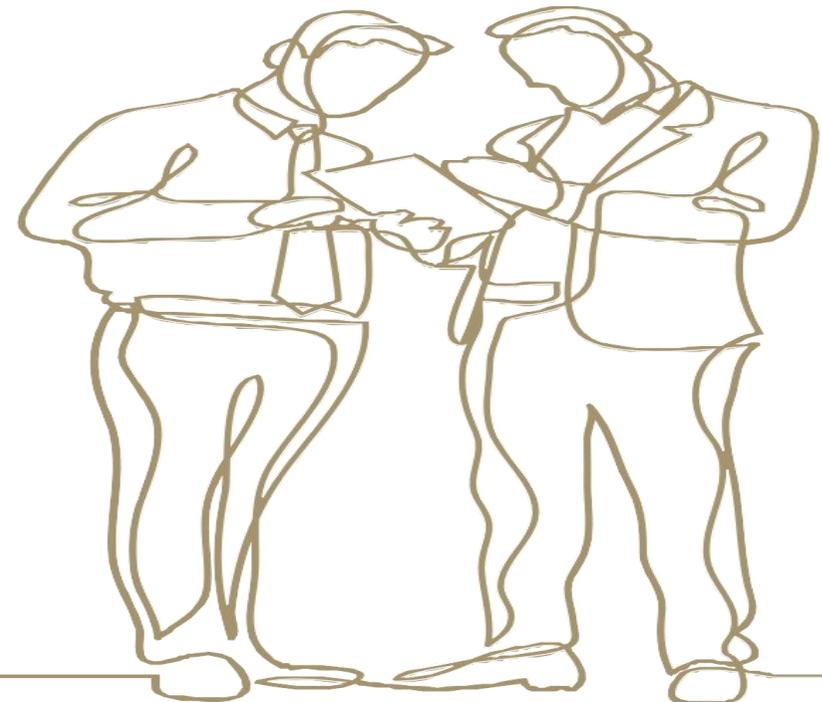
Revenue and funding model

Human resources

Marketing and communication



Opportunities for funding³⁰



Scaling strategy

Funding instruments

Terms and implications for social enterprise		Implications for investor	Instrument
1. Grants			
Duration:	One-off unless multiple	Unless unrestricted, use may be restricted for predefined work	100% risk
Payments:	None	May have high fundraising and/or time costs	Unless stated, no claw back if money is not spent or misallocated
Repayment:	None	Low entrepreneurial flexibility	Only return is social
2. Debt capital (Repayable finance)			
Duration:	3–7 years; up to 25 years for building purchase	If payments are contracted, will require a low-risk financial model	Investment may be secured against assets
Payments:	Interest payments and capital repayments	No dilution of ownership; far-reaching rights of provider in event of default or late payment	May reduce risk of loss
Repayment:	Yes	Entrepreneurial flexibility within overall terms	Higher risk if unsecured
			Regular payments allow you to track financial stability
			Social and financial return
3. Equity capital			
Duration:	Unlimited	Dilution of ownership	Voting rights and possible control
Payments:	Dividend if in profit	Profit participation	Profit participation
Repayment:	No	Mission impact?	Limited to zero liquidity/ secondary market
		Flexibility of use	Long-term
			High-risk unless model proven Impact first
			usually

What's next?

You can **deepen your knowledge**, starting with the information and links in the handbook or getting in touch with the managers of the SEE mentioned in the handbook

In cases where you already manage a SEE, you can **assess if there are margins for scaling up or for diversifying your portfolio**. And again, you can do it by using the tools described in this handbook

You can **assess your organisational capacities**, the social needs that can be addressed with a SEE and the change you want to achieve. You can do this by using the tools described in the handbook

You can **assess the ecosystem in your region or country**. You can better know your stakeholders as well as the legislative framework regarding SEE

You can also **look for additional support, guidance and expertise**. There are a lot of opportunities for training, study visits, accompaniment programmes, etc. within and outside of the Caritas network.

You can also **look for partners and investors** aiming toward achieving economic, social and environmental sustainability;

This work first gives me dignity, as a person, as a father, as a husband, and satisfies my desire to work, because I have always felt like a worker.

Manolo, Driver at Comparte León, MODA-RE, Spain

Thank you!

www.caritas.eu/policy-work/social-economy/

Antonio Fantasia

