

Project CREASSE: Fostering Rural and Inclusive Social and Solidarity Economy

Context on Social and Solidarity Economy in Italy

1. SSE DEFINITIONS IN EUROPE

1.1 European Commission – Social Economy Action Plan definition – *social economy definition*

The European Commission defines the social economy based on its overarching principles and features, namely:

The social economy encompasses a range of entities with **different business and organizational models**. 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, arts, culture and media.

In the context of this action plan and related EU initiatives, the social economy covers entities sharing the following main common principles and features: **the primacy of people as well as social and/or environmental purpose over profit, the reinvestment of most of the profits and surpluses to carry out activities in the interest of members/users (“collective interest”) or society at large (“general interest”) and democratic and/or participatory governance.**

Traditionally, the term social economy refers to four main types of entities providing goods and services to their members or society at large: **cooperatives, mutual benefit societies, associations** (including charities), and **foundations**. They are private entities, independent of public authorities and with specific legal forms.

Social enterprises are now generally understood as part of the social economy. Social enterprises operate by providing goods and services for the market in an entrepreneurial and often innovative fashion, having social and/or environmental



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

Terms such as “social economy enterprises”, “social and solidarity enterprises” and “third sector” are also used by some stakeholders, countries and international organisations to refer to social economy entities. Work integration social enterprises are a common type of social enterprise across Europe. They specialise in providing work opportunities for disadvantaged people.

Source: *from Social Economy Action Plan – European Commission in 2021*

1.2 ILO definition – has specifically a definition for Social and Solidarity Economy

"The SSE encompasses enterprises, organizations and other entities that are engaged in economic, social, and environmental activities to **serve the collective and/or general interest**, which are based on the principles of **voluntary cooperation and mutual aid, democratic and/or participatory governance, autonomy and independence**, and the **primacy of people and social purpose over capital in the distribution and use of surpluses and/or profits as well as assets**.

SSE entities aspire to long-term viability and sustainability, and to the transition from the informal to the formal economy and **operate in all sectors of the economy**. They put into practice a set of values which are intrinsic to their functioning and consistent **with care for people and planet**, equality and fairness, interdependence, self-governance, transparency and accountability, and the attainment of decent work and livelihoods. According to national circumstances, **the SSE includes cooperatives, associations, mutual societies, foundations, social enterprises**, self-help groups and other entities operating in accordance with the values and principles of the SSE."

Source: ILO, [*Resolution concerning decent work and the social and solidarity economy*](#), June 2022

1.3 OECD definition – considers SSE and SE as the same thing

"Social economy, also referred to in some countries as **solidarity economy** and/or **social and solidarity economy**, is **made up of a set of organizations such as associations, cooperatives, mutual organisations, foundations, and, more recently, social enterprises**. In some cases, community-based, grassroots and spontaneous initiatives are part of the social economy in addition to non-profit



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organisations, the latter group often being referred to as the solidarity economy. The activity of these entities is typically driven by **societal objectives**, values of solidarity, **the primacy of people over capital** and, in most cases, **by democratic and participative governance**."

Source: OECD, [*Recommendation on Social and Solidarity Economy and Social Innovation*](#), 10 June 2022

1.4 United Nations definition - *has specifically a definition for Social and Solidarity Economy*

Social and Solidarity Economy (SSE) refers to forms of economic activities and relations that prioritize **social and often environmental objectives over profit motives**. It involves citizens acting collectively and in solidarity for democratization of economy and society, including producers, workers, and consumers. It is often used as an umbrella term to encompass "**social economy**", "**solidarity economy**", or **third sector organizations and enterprises**. SSE is fundamentally about reasserting social control over economy and relinking economy with society and nature.

While many SSE organizations and enterprises (SSEOs) are established to respond to specific needs of people and communities, some also aim to transform the economic operating system into the ones based on **such values as participatory democracy, solidarity, equity, human and Earth rights, self-determination, mutuality and cooperation**. All SSEOs emphasizes human social values and ethics in economic activity and relations, and economic practices built upon **democratic governance and self-management**, reciprocity, solidarity, and active citizenship.

Over the last decades, SSEOs have rapidly grown in numbers in both developed and developing countries. Organized at the grassroots level, they have contributed to mitigating long-run damaging trends such as a rise in poverty and inequality especially in the developed world, environmental degradation and de-industrialization placing skilled workers into unemployment.

Furthermore, SSEOs play a pivotal role to offer social services across communities especially in a time where government budgets are stressed and subject to cutbacks. In addition to providing fair services SSEOs have by and large demonstrated a remarkable capacity as employers to maintain and create jobs in times of crises where the government and the market failed, including throughout the COVID-19 period. Growing numbers of policymakers therefore started paying attention to the role and potential of SSEOs, as a means of implementation of the SDGs at the local level.

2. (LEGAL) SSE DEFINITION IN ITALY

SSE is a broad concept used to refer to organizations and enterprises working in the field of social and solidarity economy, called also *Terzo Settore*, and in particular cooperatives, mutual organizations, associations, foundations, social enterprises, and



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nonprofit enterprises, all of which possess the specific characteristic of producing goods, services, and knowledge while pursuing both economic and social ends and operating in order to promote solidarity.

According to the 2021 research of the national institute of statistics (ISTAT), In Italy, the concept of social economy has been little used to date, and both research and public debate and legislative activity have favoured individual components: mutualistic cooperatives, on the one hand, and various types of associations, social cooperatives and social enterprises, on the other. (<https://www.istat.it/it/files/2021/05/Leconomia-sociale-in-Italia.pdf>)

3. TYPES OF ORGANISATIONS INVOLVED IN SSE IN ITALY

Within the Social and Solidarity Economy sector in Italy, various legal forms are utilized to structure and govern organizations, each serving different purposes:

1. **Cooperatives** - Cooperatives are democratically owned and operated enterprises focused on meeting the needs of their members, with profits reinvested for the common benefit.
2. **Associations** - Non-profit associations are formed to pursue specific social, cultural, or recreational objectives, relying on voluntary membership and democratic decision-making processes.
3. **Mutual Societies** - These entities are member-owned organizations that provide mutual aid and benefits to their members, often in the form of insurance or financial services.
4. **Foundations** - Foundations are legal entities established for philanthropic, charitable, or social purposes, typically funded by endowments and donations to support specific causes.
5. **Social Enterprises** - Social enterprises combine commercial activities with a primary mission to create positive social impact, reinvesting profits to achieve social objectives.

By utilizing these diverse legal forms, entities within the Italian Social and Solidarity Economy can adapt their structures to best fulfil their social missions and sustainably contribute to their communities.

4. BRIEF HISTORICAL OVERVIEW OF SSE DEVELOPMENT IN ITALY

The Social and Solidarity Economy sector in Italy **has experienced significant evolution over the years**, shaped by changing societal needs and economic challenges. Historically rooted in the cooperative movement of the late 19th century, Italy's Social and Solidarity Economy has expanded to encompass a diverse range of organizations, including cooperatives, social enterprises, mutual self-help organizations, and



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non-profit entities. In recent decades, there has been a growing recognition of the sector's potential to address social issues, create sustainable employment opportunities, and promote community well-being. With the enactment of supportive legislation and an increasing emphasis on social innovation and entrepreneurship, the Social and Solidarity Economy in Italy continues to evolve as an important contributor to the country's economic and social landscape.

5. CURRENT LAWS AND POLICIES RELATED TO SSE IN ITALY

In Italy, there are several pieces of legislation supporting and regulating the Social and Solidarity Economy, which includes cooperatives, social enterprises, mutual self-help organizations, and non-profit organizations:

1. **Law 142/2001** - This law provides a legal framework for social cooperatives, which are organizations that combine business activities with the objective of social integration and job creation for disadvantaged groups.
2. **Law 118/2016** - This legislation introduced regulations for social enterprises, defining them as businesses that pursue social aims and reinvest their profits towards achieving social goals.
3. **Legislative Decree 460/1997** - This decree established provisions for mutual self-help organizations, emphasizing the importance of mutual support and collaboration among members.
4. **Law 383/2000** - This law governs non-profit organizations in Italy, outlining their organizational structure, tax exemptions, and the types of activities they can engage in for the benefit of society.

By enacting these laws, Italy has created a more supportive environment for the Social and Solidarity Economy sector, encouraging the growth of organizations that prioritize social impact alongside economic sustainability.

6. GOVERNMENT SUPPORT PROGRAMMES FOR SSE INITIATIVES IN ITALY

Some interventions, aimed at the establishment and growth of enterprises that operate in pursuit of socially beneficial and general interest purposes, are part of the “Italy Social Economy” (*Italia Economia Sociale*) programme, a Ministry facilitation plan managed by the Italian national Agency *Invitalia*, for interventions with a value of no less than 100,000 euros and no more than 10 million euros, such as to generate positive effects on the territory, from the employment increase of disadvantaged groups, to the inclusion of vulnerable people, to the preservation and enhancement of the environment and urban fabric, with cultural, creative or socially useful purposes.

7. PUBLIC AWARENESS AND SUPPORT FOR SSE INITIATIVES IN ITALY

In Italy, the Social and Solidarity Economy sector has garnered increasing public and media attention in recent years, fostering a positive perception and raising awareness about the sector's significant contributions to society. **The public perception of Social and Solidarity Economy initiatives is generally favourable**, with a growing recognition of their role in addressing social and environmental challenges, creating sustainable employment opportunities, and promoting community well-being.

Media coverage often highlights success stories of cooperatives, social enterprises, and non-profit organizations making a difference in local communities. There is a notable level of public support for initiatives within the Social and Solidarity Economy, with individuals increasingly seeking out products and services that align with ethical and social values. **This rising awareness and support indicate a promising outlook for the sector in Italy**, as more people embrace the principles of solidarity, sustainability, and social responsibility in their economic choices and interactions. Nevertheless, this is a sector to be concretely developed.

8. IDENTIFIED NEEDS RELATED TO SSE IN ITALY

The Social and Solidarity Economy sector in Italy faces various challenges, obstacles, and problems that can hinder its growth and impact. **Some of the key issues include limited access to funding and financial resources, bureaucratic complexities in legal frameworks, and the need for greater visibility and recognition in the mainstream economy.** Additionally, high competition with traditional businesses, especially in sectors like agriculture and services, can present challenges for Social and Solidarity Economy organizations.

Focus groups can be beneficial in addressing these challenges by providing a platform for stakeholders within the sector to come together, share insights, exchange best practices, and collectively strategize on overcoming common obstacles. By fostering collaboration and cooperation among various actors in the Social and Solidarity Economy, focus groups can help amplify the sector's voice, advocate for supportive policies, and drive collective impact towards a more sustainable and inclusive economic landscape in Italy.

To address the identified needs and strengthen the weaknesses would be recommended: to implement tailored training in entrepreneurial skills, project management, and digital literacy; to raise public awareness about the SSE's value and create visibility for new businesses through promotion and showcasing success stories;



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to foster networking and connections between different regions by organizing workshops and creating online maps.



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