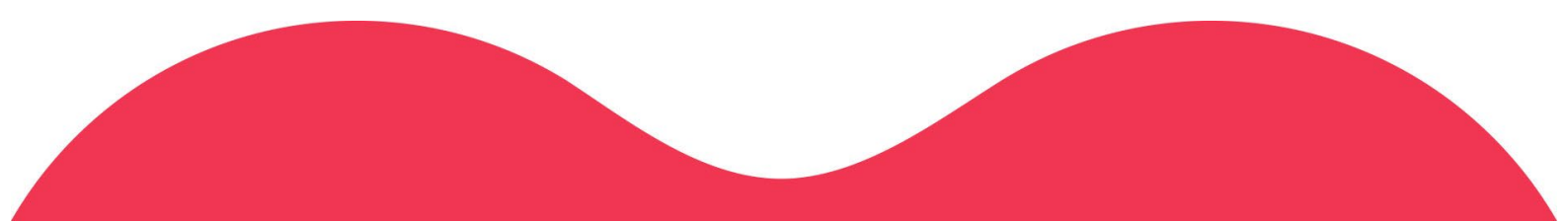


28/02/2022

**“Scenarios towards the co-creation of
a transition pathway for a resilient,
innovative, sustainable and digital
proximity and social economy
ecosystem”**

Philea submission to online consultation



2.1 Fully enabling the ecosystem as agent for the green transition

*** Question 2.1.1 What output scenarios for 2030 would benefit the development of a green proximity and social economy industrial ecosystem, in line with the priorities of the EU Industrial Strategy and the social economy action plan?**

We consider that the following output scenarios for 2030 would benefit the development of a green proximity and social economy industrial ecosystem:

A successful green transition with an ecosystem of change leaving no one behind where every citizen and every organisation are part of the transformation, including philanthropy as part of the wider social economy, are recognised and have the tools to operate and collaborate freely across borders.

European philanthropy is able to play its role for a more equitable and sustainable world in “building back better” and fostering greater resilience and well-being. Philanthropy can even do more also across borders since our call for a Single Market for Philanthropy in our [Manifesto](#) and our [contribution to the Social Economy Action Plan](#) has become reality: Better recognition of and dialogue with the sector, facilitation of cross-border action, enabling and protecting the space and co-granting and co-investing for the public good in Europe are our 4 key recommendations.

Philea, alongside our social economy colleagues, consider that a full implementation of the Social Economy Action Plan is needed. The social economy and its actors, including foundations, are fully recognised by the EU treaties as an essential component and a key driver to achieve a fair green transition. The 27 Member States and neighbourhood countries have enabling policy and legal frameworks in line with the Council recommendation adopted in 2023, including the consideration of supranational legal forms. To unleash more potential of philanthropic flows across borders, Member States have ensured a better implementation of the non-discrimination principle in national tax laws.



Major investments into innovative and green social economy projects are mobilised, allowing all social economy entities to make their functioning more ecological, as well as to scale up and operate on a transnational basis. The InvestEU programme has tools in place to stimulate more co-investments/co-granting opportunities with philanthropic actors.

*** Question 2.1.2 What are the main challenges to ensure the green transition of this industrial ecosystem, as part of this pathway? Can you provide relevant data or evidence?**

Some philanthropic organisations together with innovative civil society actors, impact investors and social entrepreneurs act as real thought leaders and incubators for social and green investments. In order to unleash their full potential, philanthropy, civil society and the social economy need an enabling environment. As Philea we map and analyse the operating space for philanthropy and observe that old and new barriers prevent the sector from unleashing its full potential across borders, see our 2021 analysis, ["Comparative Highlights of Foundation Laws"](#).

The current administrative and fiscal treatments of cross-border philanthropic activities result in high transaction costs. Despite numerous calls and attempts, an appropriate European policy framework is still lacking. We call for strong Council Recommendations on framework conditions as outlined in the Social Economy Action Plan.

The philanthropic sector would benefit from better implementation of the non-discrimination principle, which does not yet fully apply to public-benefit organisations and their donors. It is important to ease tax-effective cross-border donations from individual and corporate donors, as well as ease their tax-effective asset allocation/endowment investment. We hence welcome the mention of Guidance to Member States in the Social Economy Action Plan.

The EU could also develop measures and incentives to stimulate more collaboration (including co-granting and co-investing) between the philanthropy sector and public sector, in order to move EU policy priorities forward, including the green transition, for example through InvestEU. We ask the Commission to consider own measures to stimulate more impact investing/asset allocation but also call for national measures to ease/stimulate more foundation engagement in impact investing on the programme side, and more mission-related investments on the asset allocation side. More capacity-building schemes should also be considered.

*** Question 2.1.3 On which challenges are you ready to work jointly with other stakeholders for the green transition of this industrial ecosystem, as part of this pathway?**

Foundations are collaborating with each other and with different partners to work towards the green transition. Philea has one specific [thematic network of foundations active in the field of environment](#), which has done a [mapping of environmental funders](#) as well as a [thematic network focusing on sustainable agriculture and food](#), which aims to promote a more sustainable, overarching food policy in Europe encompassing policies on agriculture, rural areas, food and health.

We also initiated the Philanthropy Coalition for Climate in 2020 with the aim of mobilising the European philanthropy sector to address climate change as a cross-cutting and societal crisis. This mobilisation is underpinned by the [#PhilanthropyForClimate commitments](#), which is a global movement and call to action to all foundations, offering a framework to integrate across the full range of their work including operations, programmes and investments. Already, over 450 foundations have committed to act on climate including through their investments, tangibly demonstrating this shift towards aligning asset and endowment investments with public-benefit missions.

Philanthropy also works with the wider social economy to facilitate access to finance for innovative and green social economy projects. Together, we are engaging in the co-design of a taxonomy, and to present added value of social economy models, including philanthropy. Additionally, we promote cross-sectoral partnerships, and co-design projects and co-programming with the competent public authorities.

*** Question 2.1.4 What pledges and/or actions towards the green transition of the ecosystem, do you intend to present, as part of this pathway?**

Philea will defend the interests of philanthropy and foundations as key contributors to the green transition and promote the visibility of foundations' (as part of the social economy) innovations for the green transition, and will study and disseminate good practices. We will also engage in the discussion on a taxonomy and build alliances to boost access to finance and equity, and co-financing and co-granting opportunities for green social economy projects. We engage with EU institutions and Member States in developing

policy and legal frameworks facilitating the development of green social economy projects and co-financing and co-granting collaboration opportunities between the public and philanthropy.

Philea hosts the European Philanthropy Coalition for Climate and champions the #PhilanthropyForClimate movement in Europe. #PhilanthropyForClimate is a global movement of foundations committed to taking urgent action on climate change. The #PhilanthropyForClimate movement encompasses national philanthropy commitments as well as the International Philanthropy Commitment on Climate Change. These commitments encourage foundations to integrate a climate lens across different pillars of their work (i.e. grantmaking, operations and investments) and, as far as possible, take an all-of-organisation approach to climate action.

Philea is also in ongoing conversations with the European Commission's DG CLIMA to become an official Pledger of the EU Climate Pact. Linked to this are ongoing conversations to explore how the philanthropy sector can best support projects initiated within the EU Climate Pact, and how best synergies can be created between the European and national levels of the EU Climate Pact and #PhilanthropyForClimate movement.

2.2 Digitalising the ecosystem

*** Question 2.2.1 What output scenarios for 2030 would benefit the development of a digital proximity and social economy industrial ecosystem, in line with the priorities of the EU Industrial Strategy and the social economy action plan?**

Philea, as the voice of Philanthropy in Europe, very much welcomes the involvement and inclusion of philanthropy in the Social Economy Action Plan. Our sector plays a critical role in the implementation of the SDGs and in supporting Europe's social and economic resilience. Moreover, we do crucial work alongside other civil society actors to make sure that across Europe the Rule of Law and protection of Fundamental Rights are respected by Member States. In a context of digital transformation and use of artificial intelligence, caution is needed to ensure that fundamental rights, including privacy rights as well as civil society rights, are taken into account. We as Philea have advocated in our Philanthropy Manifesto for better recognition of and dialogue with the philanthropy sector, facilitation of cross-border

philanthropic action, enabling and protecting the civic space and co-granting and co-investing for the public good in Europe.

We would welcome by 2030 in relation to the digital transformation to see the social economy, including foundations, as leaders of the deployment of new technologies for the common good, and their support by appropriate policies. Public and private instruments should be set up to accompany and support the digitalisation of social economy entities, including upskilling and reskilling opportunities, access to software and resources etc.

*** Question 2.2.2 What are the main challenges to ensure the digital transition of this industrial ecosystem, as part of this pathway? Can you provide relevant data or evidence?**

There are several challenges that need to be addressed when looking at the digital transition of social economy and civil society, including philanthropy. The first challenge relates to the digital capabilities of people working in social economy, civil society and philanthropy. While capabilities are constantly evolving and developing, there are certain people who may not feel comfortable or prepared for this transition. It is hence important that these differences are taken into consideration and more capacity-building and training are provided (need to upskill and reskill employees). Also, issues around access to finance, equity and venture capital, and tailored support services both for emerging digital industries and social economy entities active in the traditional industry, should be addressed simultaneously with the lack of ambitious investment programmes and insufficient funding for innovation. Second, a wide range of activities is carried out under the umbrella term of social economy, therefore there may be some activities that are more suited to the digital transition than others. Some of the activities carried out by civil society cannot be carried out digitally. We therefore must ensure that these activities are protected and that the digital transition only further enables these activities to take place.

Digital transition policy must be developed in a participatory way and must ensure that it takes into account civic rights, privacy rights and other fundamental rights. The lack of visibility and scale of social economy solutions in the digital economy should be addressed.

*** Question 2.2.3 On which challenges are you ready to work jointly with other stakeholders for the digital transition of this industrial ecosystem, as part of this pathway?**

As representatives of philanthropy, we are collaborating with other civil society and social economy actors. We work with Social Economy Europe around the upskilling and reskilling agenda during the digital transition, especially regarding efforts directed at the inclusion of workers at risk of social exclusion, such as people with disabilities.

We call on policymakers to consider that any digital transition policy that takes place includes the civic space and civil society actors' considerations. The sector should be fully part of the movement towards the digital transition of the social economy. We are willing to work alongside other actors to make sure that we have a just and fair digital transition for social economy.

Digital technology is transforming the way we exercise our rights and freedoms. On the one hand, it is an indispensable tool for meetings and participation in online activities. On the other hand, digital actors are also experiencing restrictions or even surveillance or censorship. Emerging tech and artificial intelligence (AI) systems need to have safeguards for fundamental rights and civic freedoms to be streamlined into the development and functioning of AI systems or devices. We are linking up with some partner organisation's such as [ECNL, who are leading actors on this perspective of the digital transformation.](#)

*** Question 2.2.4 What pledges and/or actions towards the digital transition of the ecosystem, do you intend to present, as part of this pathway?**

We as Philea will be eager to work on the implementation of the Social Economy Action Plan in particular with regards to:

- Publishing guidance and clarification rules on the tax treatment of cross-border public-benefit donations affecting foundations and associations.
- Launching a study on national social economy labels/certification schemes mapping those existing in Member States, identifying good practices and common features and criteria.
- Performing a specific study on philanthropic donations in the EU.

- Launching a study providing comparative analysis of the legal regimes and landscapes of associations in the EU.
- Launching a new study to collect quantitative and qualitative information on the social economy covering all EU Member States.
- Proposing to the Council a recommendation to develop social economy framework conditions by 2023.
- Launching a dedicated co-investment mechanism with foundations and philanthropic organisations around target mission areas.
- Creating an equity-based pilot in the news media sector through Invest EU.
- Market interests, the Invest EU Advisory Hub may support the setting-up of cross-border investment platforms.
- Launching an action on innovative financing in the New European Bauhaus Lab.
- Enhancing collaboration between the public sector, philanthropic and social investment actors.
- Proposing in 2022 a European Social Innovation Catalyst Fund under Horizon Europe.

We will also engage in inclusive alliances for the upskilling and reskilling of employees and employers in our sector in view of the digital transition.

We will also work to ensure that digital transition happens in a participatory way, taking into account fundamental rights.

