



**Address of the Prime Minister to the
5th CIRIEC International Research Conference on Social Economy**

Let me start by greeting the President of CIRIEC-International, Alain Arnaud, and thank him for his presence here in Portugal at this conference. The Social Economy is now a central element of democratic societies and we need to think hard about its possibilities for the future and the appropriate public policy framework. Sharing knowledge and experiences among different societies has become increasingly relevant in this field.

Equally, I convey my greetings to the chairman of CIRIEC-Portugal, Professor Jorge de Sá, and of course to all the speakers and participants at this conference.

In Portugal the Social Economy has been put at the forefront of our strategy for change.

As you all know, in the past four years Portugal went through the toughest and most challenging crisis in our democratic history. When in 2011 the country faced its financial crash, it had been struggling with very deep economic and social imbalances. For ten years or more those structural problems – economic stagnation, ever increasing structural unemployment, inequality, poverty, and exploding debt – were growing deeper. In the end, when faced with the threat of bankruptcy and social collapse, Portugal requested unprecedented external financial aid.



In the last four years we went through a very demanding but nevertheless necessary process of recovery. The Portuguese people gave an admirable example to all Europe and the outside world of how a country can get back on its feet and face the future with renewed hope. We are more than ever focused on accelerating economic growth, creating more and better jobs and dealing with social problems. And we know that we have to do this in a sustainable way. We have said, and we will continue to say: no more irresponsibility, no more political short-sightedness.

And in all this process of, first, dealing with the crisis, and, then, building the recovery, we have to give public recognition of the essential part played by the Third Sector. I mean, its institutions and its workers gave everything they had to reach out to all those in need and made sure that, despite all our great difficulties, the worst was indeed avoided. The Third Sector grew as a pillar of Portuguese society and more than 46 000 new jobs were created during those four years, which meant for many people new opportunities of professional and human fulfilment.

Since the beginning we approached the Social Economy organizations as not only partners for social policy, but also as drivers for development. We understood that, with the right framework and incentives, in addition to their role in bringing social relief and content to social rights, their mission expands into many other areas of enormous economic importance.



When we talk about Social Economy we have to stress all the work carried out by Cooperatives, Mutuals, *Misericórdias*, private institutions for social solidarity (*IPSS* in short), Foundations, Associations, either recreational or sports, NGOs, and so on. Despite all this diversity, what makes them truly unique is their being close to the communities, operational flexibility and the strong part they play in local development.

In order to bring stability and take to a higher level the strategic importance of the Third Sector, we launched in 2013 the first statistical satellite account for Social Economy, a valuable tool that enables us to know the whole sector with hard data and measure its main indicators through a statistical benchmark.

According to the data gathered through a methodology the CIRIEC particularly cherishes, and led us to be a global benchmarking, we now know that Portugal has 55 000 institutions in all.

Third Sector institutions account for 5.5% of paid employment in Portugal, above other economic sectors such as finance and insurance. That is, over 226 000 jobs nationwide plus 46 000 new jobs created in the meantime. And in many low demographic density territories the Social Economy institutions play a pivotal economic role.

Since the beginning my Government has been creating the appropriate mechanisms to underpin this growth and development. We have made deep legislative reforms with the



purpose to set the foundations for a future based on financial sustainability, social innovation and entrepreneurship throughout the Social Economy.

We have been engaged in a genuine partnership, grounded on networking and in-depth dialogue, via the National Council for Social Economy where the main organizations of the sector are represented. There, we discuss the needs and aspirations of the sector. And also the proper answers to existing needs and new societal challenges.

With the new General Law on Social Economy, it is now possible to set the basis for updating much legislation, namely the new Statutes of the private institutions for social solidarity, the amendment of the Code for Cooperative institutions, currently being discussed in the Parliament, as well as the Mutual Societies Code. All these legislative initiatives were guided by the need of greater precision and transparency in management, of limited mandates for governing bodies, together with the establishment of mechanisms that seek to ensure sustainability.

Also I want to emphasize the approval of specific legislation that settles and defines the basis for cooperation between the State, the Public Administration, either central or decentralized, and the social and charity sector.

With this decision we broadened our partnership to all areas in the social sphere of the State, such as education, health and employment, in addition to welfare.



This whole set of legislative reforms carried out paves the way for further modernization and innovation, building on the principles of subsidiarity, proportionality, solidarity and engagement.

Thereby we produced the mechanisms that qualify institutions to face new challenges in the future.

Moreover, the challenges of the future we are tackling are also included within the new European Multiannual financial framework - 'Portugal 2020'. These European Union funds are going to be used under new rules and procedures. They were designed to prevent the wasting of funds that we had in the past decades. We will be investing all this money in the next few years with a concrete return-oriented approach.

Our priorities have been chosen: boosting sustainable economic growth, job creation, and social cohesion, besides introducing mechanisms to monitor and evaluate the outcomes.

As I have said, the Social Economy and cohesion were not forgotten in our strategy for investing European money. For the first time, we established an operational programme to promote social inclusion. Under the 'Operational Programme for Social Inclusion and Employment' we focus on new and innovative supporting measures to fight social exclusion and poverty, particularly of children and in the area of disability, and foster mechanisms to support social innovation and entrepreneurship.

As far as the Social Economy is concerned, this Operational Programme has been provided



for with measures and funds with the purpose of empowering social organization's workers and management. We want better qualified and better prepared officers for more modernized management. And I am sure this will help everyone to better deal with our complex challenges ahead.

However, as we want this growth to be backed by social entrepreneurship and innovation we created the initiative 'Portugal Inovação Social' – Portugal for Social Innovation. With an allocation of 150 million euros, this initiative will make new funding means available to institutions and people in order to enhance the capabilities of their social responses.

Thus, the initiative 'Portugal Social Innovation' is split into four funding programmes: capacity building in social investment; partnering for impact; qualifications on social impact; and, finally, the social innovation fund.

Until the end of this month, the call for applications will be opened for capacity building, social investment and partnering for impact. There is no time to lose.

With the initiative 'Portugal Social Innovation' we become pioneers in finding new approaches to help organizations diversify the way they fund their own projects. This important step forward has been acknowledged by the European Commission as a very innovative approach.

Thus we are paving the way for a sustainable future. It is sustainable because it is based in a sound and predictable financial framework. And above all it is based on our most precious



resource, which is the entrepreneurial disposition and creativity of the Portuguese people, in this case with a bold focus on Social Economy.

Ladies and gentlemen,

The qualitative leaps we undertook in the Social Economy surely place us at the forefront of what are usually called international best practices and benchmarks.

I believe in our ability to interpret the new dynamics and needs of this sector. We have come a long way side by side with Social Economy organizations. I think this is a good illustration that the country can aspire to more social cohesion and a more viable development provided the foundations are strong.

But I don't think it is up to the State to make all the decisions and come up with all the solutions. Quite the contrary. We have to give more responsibility to the organizations on the ground to promote new paradigms, namely in the network of shared services or other policy areas to respond to opportunities as they arise. And I am very confident that they are willing to take that responsibility.

Now that we have put a terrible crisis behind us, as we head to a much more open future in Portugal, the tasks of fighting inequality and poverty will be among our priorities. We are facing those challenges with a strong partnership – a partnership with those who know and those who care.

Together we are devoted to the values of human dignity, security, and freedom. In the next

few years we will be working together to meet those challenges and removing the obstacles that are in the way of so many Portuguese in their day-to-day lives.

This is the duty of politics. And it is an inspiring duty to us all.

Thank you very much.