



POSITION PAPER

on the European Action Plan
for the Social Economy



INTRODUCTION

The EU has been facing the biggest economic and social crisis of the century and is now dealing with its economic fallout. Now more than ever, Europe's recovery path must promote a fairer, more sustainable, and resilient economic model and we believe cooperatives will have a crucial role to play in it.

Despite the obvious hardships that ensued after the outbreak of COVID-19, the situation incited an outburst of solidarity from cooperative enterprises. During this time, they showcased resilience and innovation while providing stable and decent employment, grassroots solutions, and social cohesion.

With over 250,000 enterprises in the EU employing 5.4 million people, cooperatives are not only historic members of the social economy (SE), but they are also one of the most significant economic actors in this ecosystem. In recent years, they have grown, coming in all shapes, sizes, or sectors, and adapted to societal changes such as the twin transition.

However, to truly unlock their transformative power and support the post-covid reconstruction, cooperatives and other social economy entities need support to develop and scale up. In an effort to provide this support and to "rebuild better", the European Commission adopted on 9 December 2021 the long-awaited Action Plan on Social Economy.

The strategy outlined in this position paper has come as the result of Cooperatives Europe's previous achievements and initiatives that highlighted the importance of social economy on topics including the Social Business Initiative, the Council Conclusions on "The promotion of the social economy as a key driver of economic and social development in Europe", and the Expert Group on Social Economy and Social Enterprises (GECES) report.

In view of this, the Action Plan puts forward a set of measures to help mobilize the full potential of social economy enterprises and will result in the implementation of concrete actions supporting their development and scaling-up.

Cooperatives Europe welcomes its adoption and sees it as an important political recognition of social economy and its actors. However, important aspects are still missing or remain barely touched upon. In the following pages, we will therefore share our stance on the content of the Action Plan and share some recommendations on the way forward.



ABOUT COOPERATIVES EUROPE

Cooperatives Europe is the European cross-sectoral organisation representing cooperative enterprises. On behalf of its 86-member organisations from 34 European countries across all business sectors, it promotes the cooperative business model in Europe. Its members represent 140 million individual member cooperators owning 176,000 cooperative enterprises and providing jobs to 4,7 million European citizens.

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1. GENERAL COMMENTS ON THE ACTION PLAN



GENERAL COMMENTS

a) Common understanding of social economy enterprises

We welcome the Commission's effort to acknowledge all actors of the social economy and to include them in a broad definition. It is an important recognition of the social economy sector while appreciating the different national contexts.

While we agree that a single definition could not possibly accommodate the diversity of actors across Member States, **a common understanding of social economy is however still necessary** to build a coherent set of initiatives. The Commission should establish **clear guidelines common to all Member States** to avoid differences in implementation or an implementation "in silos" across actors.

The need for clarification also applies to **the definition of some entities, especially for social enterprises**. Their method of organisation and ownership is described as "democratic or participatory". These terms cover very different realities. Democratic governance echoes cooperatives' practices while a mere "participatory" approach leaves room for various interpretations and potential confusion in the implementation phase at the national level. In the social economy, **the governance pillar is valued as equally important as the objectives or missions in other forms of enterprises**. Thanks to their model of democratic governance and ownership, cooperatives involve their members and/or their communities directly, thereby creating positive externalities such as social cohesion or sustainable growth. The Commission should stress this important distinction to avoid pervasive green and social washing.

b) Creating the right framework for the social economy to thrive

It goes without saying that an appropriate legal and political framework is an essential condition for cooperatives and other SE entities to thrive in Europe. In that sense, we welcome the proposal for a Council Recommendation to work on this issue in 2023.

However, the right framework for cooperatives not only depends on the EU level but also on national policies. Unfortunately, **there are vast inequalities among Member States which remained unaddressed** since not all of them institutionally recognize or support cooperatives. Member States should therefore be encouraged to promote all types of cooperatives, in all sectors of the economy, through adequate legal frameworks, policy support, and financial support. To do so, national and regional action plans with specific deliverables and support mechanisms could be established.

This lack of shared foundations across Member States has similar effects on the work related to labels and certifications. Given the lack of common understanding of social economy, labels and certifications could create confusion when implemented nationally, especially if they become a condition to benefit from EU actions. For this reason, we support the precautionary approach of the Commission on that matter.

As mentioned in the Action Plan, another facilitating measure would be to enhance the use of social clauses in the Commission's own tendering procedures. Yet, **a more binding and ambitious approach was expected** with specific targets and benchmarks. Authorities should also put the accent on governance criteria within their socially responsible public procurement in order to promote a level playing field between all enterprises and avoid putting cooperatives at a competitive disadvantage.

In this regard, an analysis of opportunities and barriers to the EU public procurement rules for social economy – including an opportunity for stakeholders to review them – is desirable.

We welcome the Commission's efforts to boost the social economy in regions and rural areas by attracting new entrepreneurs and small businesses. However, it is crucial that the European Commission also **allocates resources to already well-established businesses in rural areas such as farmers' and agri-cooperatives** which are catalysts for innovation, driving the twin transition of the sector and keeping rural areas alive. It is of paramount importance to safeguard the investments made by agri-cooperatives, designed to be delivered under the economic, environmental, and social pillars of sustainability, and to enhance sustainable value chains in food production and consumption. The same logic applies to cooperatives offering essential services such as health and care, transport, or culture, which are often not covered by public authorities in those areas.

Finally, creating a favourable framework for cooperatives (and other SE entities) goes beyond the borders of Europe and shall be included in EU external actions. However, it is to our disappointment that the **Action Plan barely touches upon international cooperation**. The actions foreseen by the Commission are limited in scope – to social enterprises – and in space – to the Western Balkans, the Southern neighbourhood, and the Eastern partnership. Cooperatives Europe calls for actions related to international cooperation to go beyond the said regions and encourages **the adoption of concrete measures**. A starting point, for instance, would be for EU delegations to receive training on social economy and nominate a point of contact in charge of these matters.

c) Opening up opportunities for social economy entities to develop

We highly support the creation of the **EU Social Economy Gateway as well as the Youth Entrepreneurship Policy Academy**.

These initiatives echo Cooperatives Europe's work in supporting youth entrepreneurship through several of our projects, such as [CoopStarter](#) which aims at giving the young the tools and knowledge to cooperative entrepreneurship. By gathering CoopMentors, youth workers, young ambassadors, trainers, and EU-wide network representatives, the project works towards bridging the gap between youth organisations and cooperative associations.

However, more actions are needed to address cooperatives' **lack of visibility and knowledge of their model, which eventually also affects their access to funding**. Due to their specific DNA and governance structure, cooperatives cannot secure a high return on investment and are often confronted with reluctant private investors. Enhancing mutual understanding with investors and other viable options such as loans should therefore be explored.

Further actions are also needed to facilitate cooperatives' access to public funding while allowing them to maintain their governance specificities. Grants, state aid, socially responsible public procurement and any other EU financial instruments, particularly in the framework of the national rescue and recovery funds under the Recovery and Resilience Facility, shall be extended to all cooperatives. Another suggestion to increase SE entities' visibility and access to finance would be to include representatives of social economy financial institutions in the InvestEU Committee.

Finally, it is also essential to adapt taxation to support cooperatives' activities, to develop concrete support measures for **worker buyouts and business transfers to employees** in different Member States as well as to evaluate and address relevant obstacles.

2. BROADER CONSIDERATIONS



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In addition to the concerns abovementioned, some broader and general topics remain unaddressed by the Commission's plan.

a) Transversal issues

We particularly appreciated the participatory and inclusive approach adopted by the Commission during the drafting process. Several consultations were held, thus giving the opportunity to a wide range of stakeholders, including Cooperatives Europe, to express their views.

However, despite these consultations, the Action Plan seems to overlook some important transversal issues that are particularly relevant nowadays for the social economy. The Commission should pay particular attention to include all types of cooperatives which come in diverse sizes, legal forms, and sectors in order to ensure a level-playing field with other forms of enterprises. Cooperatives in the industrial sector, for instance, are rarely mentioned and often omitted despite their important economic weight.

Likewise, the **transversal issue of gender inequality is barely touched upon** in the Action Plan. The Commission should address the gender aspect explicitly as it is of utmost importance to tackle the obstacles women face in their entrepreneurial journey (pay gap, less access to managerial positions, less access to capital and credit...).

b) Twin transition

Another important aspect that deserves more attention is the **green and digital transition**. The twin transition represents both a huge potential and a major challenge for social economy enterprises. Some cooperatives are lagging behind due to the additional costs it entails and the lack of expertise or skills in the relevant fields. Combined with rising competition in the labour markets, **there is an urgent need for more opportunities for lifelong learning, upskilling and reskilling schemes**.

It is crucial to set up a skills partnership for the social economy under the Pact for Skills, including workers' governance and managerial skills, especially for new worker cooperatives.

When it comes to the green transition, unlocking the full potential of the cooperative model must be part of the EU's decarbonisation strategy and its initiatives to promote a fair green transition. Cooperatives are at the forefront of a just and green transition, responding to communities' needs and leading key innovative initiatives, for instance in the field of circular economy or renewable energy generation. As a result, **appropriate support measures in relation to finance, state aid, capacity-building** (training, toolbox, specific diagnostic tools), **taxation, sustainable public procurement, as well as public-private partnerships should be set up to encourage the green transition** and to engage cooperatives at the local level.

Regarding the digital transition, the Commission shall further support small and medium cooperatives in their digitalisation journey, including those located in remote and rural areas, as well as the emergence and operations of **platform cooperatives**. Platform cooperatives provide tangible advantages to all their stakeholders: good working conditions and adequate protection for its employees, democratic control for and by its members, but also the ability for public authorities to keep taxes and other revenues local. The proposal for a Directive on improving working conditions in platform work, approved by the Commission last December, is a step in the right direction. Cooperatives Europe and its members have high expectations for both the Parliament and the Council to reinforce the role of cooperatives during the legislative process.

We also want to draw attention to the topic of data cooperatives and the importance of the EU Proposal for a Regulation on Data Governance Act (DGA), released in November 2020. Such regulation could represent a major progress for data cooperatives but requires clarifications as to how Cooperatives Europe, and more generally speaking civil society, could play a role from 2023 onward.

3. THE WAY FORWARD





THE WAY FORWARD

Cooperatives Europe rejoices in the strong political will behind the Action Plan. Yet, the hardest part lies ahead: its effective implementation across Europe, which will be crucial for all entities of the social economy.

A particularly important aspect to address for the implementation phase is the lack of well-defined targets or a timeline in the long term. Although the Action Plan formally covers the period 2021-2030, most initiatives presented are planned for 2022 and 2023. It will therefore be essential in the next few months to define time-bound commitments and benchmarks towards 2030 in order to strengthen the social economy in the subsequent years.

We call the European Commission to embrace a strong coordination role in the implementation phase and to involve a wide range of stakeholders in the process. Only then will we be able to overcome the challenges ahead and foster a truly social economy in Europe. Cooperatives Europe stands ready and determined to collaborate with the Commission and its partners in the next few months to bring these initiatives to life.





KEY TAKEAWAYS

- 1** The Commission must work on better defining social economy in order to build a common understanding across Member States and ensure an implementation that is consistent, and time-bound.
- 2** High hopes lie in the Council Recommendation expected for 2023 to create the right policy and legal framework. It must promote a level playing field among all enterprises and therefore consider all forms of cooperatives, in all sectors of the economy, all regions and areas and involve all EU policies.
- 3** Providing opportunities for SE entities requires removing barriers, especially for cooperatives in terms of access to funding, visibility, youth entrepreneurship, and worker buyouts.
- 4** The cooperative movement is not immune from cross-cutting issues such as gender inequality and the twin transition. These need to be addressed through a comprehensive set of initiatives covering finance, capacity-building, skills, taxation, sustainable public procurement, as well as public-private partnerships



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