



**Cooperatives Europe's  
response to the EU survey  
on transition pathway  
for a resilient, innovative,  
sustainable, and digital  
proximity and social  
economy ecosystem**





# CONTEXT

As part of the renewed industrial strategy, the Commission has identified the “proximity and social economy” ecosystem as one of the 14 industrial ecosystems in which the twin transition needs to be accelerated. The Commission has proposed to set up transition pathways in certain ecosystem, including ours, to identify with industry and stakeholders the actions needed to achieve the twin transition.

On behalf of our members, Cooperatives Europe responded to a survey on 28 February 2022 aiming at identifying the actions needed to step up the twin transition in the “proximity and social economy” ecosystem. You will find below our answer, giving EU policymakers a better understanding of the conditions required for cooperatives to truly participate in the green and digital transition while also benefiting from it.

**1. Fully enabling the ecosystem as agent for the green transition**



## 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?

- Cooperatives are recognised as transversal actors leading the green and just transition and are included in EU environmental and sustainability policy design.
- The EU and Member States use the full potential of social economy enterprises on the green transition market, especially of cooperatives' expertise in strategic sectors (e.g., energy, agri-food, circular economy, construction, mobility) and their know-how on communities' needs or democratic and sustainable innovations.
- The investment needs of social economy enterprises, particularly of cooperatives, for their green transition, are met in all areas (including remote and rural ones) and all phases (especially during the scale-up). The funding is tailored to their specific business models.
- The expansion of innovative business models on the green transition market, in particular the cooperative model.
- Priority is given to the proximity economy by fostering community-based enterprises that engage with a wide range of stakeholders (local government, citizens, consumers).
- Increased cooperation and partnerships with the entire ecosystem (public authorities, mainstream businesses, research and HEIs, financial institutions...) to build synergies and share best-practices. An enabling environment for the green transition of the ecosystem is created through comprehensive and integrated policies (taxation, state aid, public procurement, funding, education and skills).
- Better sharing of information regarding available technical and financial support for SE entities (InvestEU, national recovery plans).
- Increased investment in SMEs capacities through education and upskilling/reskilling schemes on green innovation and technologies.

## 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?

- **Limited financial capacities to further green their operations or lead green innovations**

Investing in green innovation requires large investments and represents a heavy burden for SME cooperatives. Their low level of investments is due to 1) a lack of awareness of available EU funding and 2) their limited access to funding and private capital. SME cooperatives particularly face difficulties to access public procurement as they lack skills or technical support to bid for tenders and as most funding opportunities are not adapted to their specific governance structure. Finally, sustainable public procurements still tend to favour the lowest economic options and overlook governance criteria, thus putting cooperatives at a competitive disadvantage. With private capital, cooperatives are confronted with reluctant private investors who lack knowledge and understanding of their business models.

- **Limited operational capacities**

SE entities lack the technical skills to green their operations and scale-up green innovations, especially in remote and rural areas. Investments in education, upskilling and reskilling is necessary to equip workers with relevant skills to successfully adapt and allow businesses to innovate on the market. Initiatives such as Digital Innovation Hubs supporting decarbonization, energy efficiency and circular economy through technology transfer should be encouraged.

- **Lack of data and impact measurement tools**

Sustainability indicators and data (covering social, governance and environmental dimensions) are necessary but are challenging for SMEs to gather. Standardised impact measurement tools and toolboxes must be developed.

- **Lack of partnerships**

The lack of public-private partnership is a missed opportunity for innovation uptake and training/ awareness-raising on relevant available support mechanisms. Partnership with mainstream businesses is also needed when it comes to sharing good practices and bridging the capacity gap (pro-bono, incubators...)



**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?**

Cooperatives Europe stands ready to work on the issue of skills mismatch and shortage that limit cooperatives and social economy entities' operational capacities. Curricula across Europe lack entrepreneurship education, particularly in secondary and higher education. Cooperatives Europe has a proven record of building and strengthening synergies with multi-stakeholders partnerships gathering public authorities, research centres, universities, mainstream businesses, youth organisations and social economy entities. With younger people being increasingly interested in more socially responsible ways of doing business, it is necessary to adapt training and education to innovative and environmentally sustainable practices.

We also wish to work on the topic of sustainable corporate governance (SCG). Better integrating climate change and environmental concerns within companies' own operations and value chains is necessary for a successful green transition. It requires identifying, preventing and mitigating these corporate adverse environmental impacts through due diligence processes and enhanced corporate strategies while also taking into account SMEs' limitations. With its knowledge of alternative business models, Cooperatives Europe can bring insight on how to ensure that the SCG participates in a green transition for all enterprises, including SME cooperatives.

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

Cooperatives Europe is the voice of cooperatives in Europe. It promotes the cooperative business model at EU level which, because of its very nature and unique governance structure, contributes to the transition towards a more resilient, inclusive, and sustainable economy.

We are committed to:

- Increase the visibility and knowledge of cooperatives operating on the green transition and circular economy, allowing them to be recognised as transversal actors in EU policies, capable of combining economic performances with positive social and environmental impacts.
- Provide a favourable ecosystem for their development within the European Single Market, enabling them to reach their full potential and fulfil their missions of creating quality jobs and responding to their communities' needs.
- Place cooperatives at the heart of the green transition through technological and green innovation.
- Promote cooperation, both among cooperatives and with public institutions.

In line with these values, we carry the project "CO-FRESH" that directly contributes to the green transition in the agri-food sector:

- CO-FRESH is a 42 month-long innovation project under Horizon2020  
It aims at promoting more sustainable and efficient agri-food value chains in Europe.
- It investigates the best technological, environmental and/or socially sustainable innovative practices in Member States and abroad. It then proposes to develop techniques, tools and insights for the re-design of agri-food value chains and to scale up this innovation
- The tools and formats will be applied in 7 pilot cases representing diverse fruit and vegetables agri-food value chains (including protein crops for food and feed) across Europe.
- These innovative approaches will improve the economic, social and environmental performance as well as efficiency of these value chains, through smart integration of technological, social, organisational, managerial and institutional innovations; all of which serve to make them more sustainable.

## **2. Digitalising the ecosystem**





## **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?**

- Enhanced mutual understanding between private investors and SME cooperatives relative to their business models, impact measurement and risk profile.
- Increased financial support for SE enterprises, including SME cooperatives, for their digital transformation, especially for the scale-up phase and technology development. The rural and remote areas are not left behind and can access tailored financial resources.
- Better sharing of information regarding available technical support (including Digital Innovation Hubs) and financial instruments (InvestEU, national recovery plans)
- Increased investment in digital capacities through education to digital tools and upskilling/reskilling schemes. Partnerships between universities/ IT schools and local SMEs were set up to train managers and workers.
- Increased cooperation and partnerships with the entire ecosystem (public authorities, mainstream businesses, research and HEIs, financial institutions...) to build synergies and share best practices. An enabling environment for the digital transition of the ecosystem is created through comprehensive and integrated policies (taxation, state aid, public procurement, funding, education and skills)
- Increased number of platform cooperatives and data cooperatives with affordable, interoperable, and open-source technology.
- Increased support to vulnerable groups and particularly women to be better trained in digitalisation and promote more competitive female-led businesses.
- Reinforcement of the Digital Innovation Hubs (DIHs) network through the establishment of synergies between EU, national and regional levels. Set up of Thematic Digital Innovation Hubs networks focused on the impact of digital technologies on individuals and communities resulting in social innovation processes.

## 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?

- **Limited financial capacities**

SE entities have low levels of digitalisation and innovation uptake due to huge administrative and financial burdens. The lack of awareness of available funding and the lack of technical support to bid for public procurement means SE entities have limited access to public funding. Coops also have limited access to private capital when facing private investors unaware of their specific business model. In addition, investments in SMEs' digitalisation in the start-up and scale-up phases is too scarce, especially in remote and rural areas. Finally, more investments in accessible, affordable advanced technologies (interoperable, shared and open-sourced ones) are needed.

- **Skills and capacity-building**

SMEs, esp. coops ones, lack technical knowledge and skills to digitalise their operations and scale-up innovations. Investments in education, upskilling and reskilling, for basic digital competencies or advanced technology, are insufficient. Curricula in HEIs or IT schools could also further stress the entrepreneurial approach, digital innovations or "TechforGood". Finally, digitalisation is far from being inclusive and leaves women, disadvantaged people and remote or rural areas behind, at higher risk of economic and social exclusion.

- **Platform cooperatives**

Platform workers face poor working conditions, a lack of transparency and control over algorithms and data. Platform coops bring solutions to these issues but still face insufficient support (regulatory, financially) at the national and EU level. While they face a lack of adequate legal recognition, platform coops also lack support mechanisms in their digitalisation journey. Developing relevant technologies or infrastructures and training workers for them comes with very high costs, esp. with data management and data ownership. More training and investments are needed to support platform coops to scale up and to support interoperability and common standards (public and open-sourced) between MS.



## 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?

Cooperatives Europe stands ready to work on promoting the cooperative business model in digital transition-related activities, including among the younger generations, women and higher education institutions.

We also wish to work on the topic of platform cooperatives and data cooperatives: the objective is to ensure an open and transparent use of data as well as to support interoperability and common standards (public and open-sourced) between Member States.

Finally, closing the gender digital gap is a challenge that we are ready to work on, for which building synergies and cross-sectoral partnerships is necessary with a wide range of stakeholders (local and European) involved in every step of women's entrepreneurial and digital journey.

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

line with the objectives of promoting a fair, inclusive and sustainable digital transition, Cooperatives Europe carries the following projects:

- Coopedia

Coopedia is an innovative and collaborative search engine collecting a wide range of learning resources worldwide on cooperative entrepreneurship and designed to support entrepreneurs in creating a cooperative business. The idea emerged via the CoopStarter 2.0 project (co-funded by the Erasmus+ Programme). Coopedia is a transparent tool enhancing the collective power of its federated network. As an open-source software based on the Startin'blox technology, its code can be used and modified by anyone, following the fifth cooperative principle (education, training, and information). Coopedia therefore explores data decentralization and alternative models for digital knowledge-sharing.

- "Sharing, Collaboration, Cooperation"(SCC) project

SCC is a strategic partnership bringing together co-working spaces, higher educational institutions, innovation communities and international networks with the general objective of stimulating the development of collaborative spaces for community-driven innovation and anticipating the transition to a digital society. It aims at supporting the transformation of these spaces into collaborative spaces through the creation and systematization of the workflow between co-working spaces, HEIs and the innovation community.

- Coop4EDU

This European platform for collaboration between the cooperative movement and the academic world aims at modernizing higher education with a cooperative entrepreneurship approach and to develop materials for training. It participates to bridge the skills gap/mismatch in our economy by encouraging an adequate entrepreneurial education taking into account digitalisation, especially through its module "Cooperation is going digital".



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