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CECOP PROPOSALS FOR THE EUROPEAN SOCIAL ECONOMY ACTION PLAN



The European Social Economy Action Plan is a crucial step to build a sustainable, inclusive, and social Europe. The European Green Deal strives to leave no person and no place behind, and the European Pillar of Social Rights sets out to build a strong Social Europe. The Social Economy is a cornerstone for delivering these goals to the people of Europe.

CECOP, the European confederation of industrial and service cooperatives, represents 35,000 worker cooperatives and 1,000 cooperatives of independent workers in 15 European States, employing more than 1 million workers. With 12,000 social cooperatives, accounting for more than 400,000 workers, CECOP also unites important social service providers across Europe.

CECOP urges the European Commission to ensure that five dimensions are covered by the European Social Economy Action Plan: 1) recognition, reach and consistency, 2) support policies for social economy enterprises of general interest, 3) skills, 4) job creation and retention, 5) platforms and the digital economy.

RECOGNITION, REACH, AND CONSISTENCY

All cooperatives are part of the Social Economy. The recognition of all sectors, including the industrial sector, and all types of cooperatives is fundamental to create a broad and impactful Social Economy Action Plan. However, cooperatives with their distinct relationship of the enterprise, its owners, and their communities, need to be understood as part of the Social Economy.

This recognition requires a clearly defined **legal framework for worker and social cooperatives**. The Action Plan, therefore, needs to include recommendations to Member States to adopt adequate legal frameworks for worker and social cooperatives, as well as to include worker and social cooperatives in national policy frameworks for the Social Economy. The Spanish and French Social Economy strategies have proven to provide welcome steps forward.

Furthermore, the European Action Plan for the Social Economy needs to be consistent and coherent with other EU initiatives such as the Skills Agenda, the Industrial Strategy, the SME Strategy, the Social Pillar Action Plan, the Disability Strategy, and the Platform Work Initiative.

To ensure the recognition of all parts of the European Social Economy and a comprehensive reach of the Action Plan, it needs to ensure:

- European **recognition of worker ownership** as an independent industrial relationship, where workers are also the owners who democratically manage their cooperative.
- **Awareness-raising among financial institutions** to the cooperative model which is often discriminated against in access to loans due to its cooperative nature (where capital is not remunerated, and the governance is democratic).
- The establishment of a cooperative test along the lines of the SME test analysing the possible effects of EU legislative proposals on cooperatives.
- Further **flexibility on state aid regulation, we therefore ask for the increase of the "de minimis" threshold and to modify the notification to the Commission on the support of the social economy enterprises**.

- Promotion of **public-private partnerships** with social economy enterprises.
- Recommendation to Member States to **include cooperative business model in school and university curricula among** the various possible forms of enterprise.

SUPPORT POLICIES FOR SOCIAL ECONOMY ENTERPRISES THAT CARRY OUT 'GENERAL INTEREST ACTIVITIES'

Social economy enterprises that carry out general interest activities (such as social cooperatives) are crucial community-based social service providers. These enterprises need to be supported through a broad range of policy sets so that they can fulfill their role and help their communities to develop.

This includes **fiscal policies and taxation systems** that recognize the function of general interest and provide preferential treatment of these business models.

To ensure sufficient funding, the Action Plan needs to include policies that **promote public and private investments** that favour the development of social impact finance. This includes the use of public procurement to foster the development of the Social Economy.

Social economy enterprises carry out general interest activities such as work integration and social inclusion for persons with disabilities or other persons in vulnerable situations. The Action Plan needs to **promote and provide support for community-based solutions**, such as those provided by cooperatives.

SKILL DEVELOPMENT

The dual green and digital transition, and rising competition in the labour markets increase the need for life-long learning and well-trained workers and management in social economy enterprises. The European Pillar of Social Rights and the Skills Agenda highlighted the need for action on skills development. The Social Economy Action Plan, therefore, needs to ensure coherence with these agendas by including policies to support **staff qualification and upskilling** to help social economy enterprises to cope with challenges arising from technological, digital, and green transitions.

Furthermore, special attention needs to be paid to the development of **managerial skills**, especially for newly created worker cooperatives, providing broad skillsets that allow cooperatives to grow in their specific situations, including those that are a result of cooperative business transfers to employees and worker buyouts.

JOB CREATION AND RETENTION

The Social Economy not only improves livelihoods of its beneficiaries but also of its workers. The Action Plan, therefore, needs to support **stable employment and the economic leadership of its workers** in social economy enterprises.

Cooperatives are a crucial tool to ensure job creation and retention. Especially worker buyouts have proven to be a tool to maintain local enterprises and keep jobs in their communities. Also, business transfers to employees in cases where founders of SMEs retired and did not find successors have helped to maintain jobs.

The Social Economy Action Plan needs to **promote these models as good practices**. Specifically, the Action Plan should include recommendations to member states to establish specific support measures and funds for worker buyouts and business transfers to employees.

Furthermore, the Action Plan needs to foresee a **European legal framework like the Italian Marcora Law**, with corresponding European funds to support worker buyouts and business transfers to employees under the cooperative form.

To support the retention of jobs in Europe, the European Commission must conduct **in-depth studies on the obstacles for worker buyouts and business transfers to employees** across Europe.

PLATFORMS AND THE DIGITAL ECONOMY

The Social Economy Action Plan needs to **recognize and promote cooperatives in the digital economy** as crucial actors to improve the working conditions of precarious workers. Especially in the field of delivery riders, cooperative solutions have developed successful business models that improve the working conditions of workers and harness the gains of new digital technologies by the means of worker ownership.

Business models such as Consegne Etiche in Bologna and the Coopcycle network have proven their worth by developing sustainable business models whilst competing with enterprises that have been criticized for their extractive practices.

Another cooperative business model in the digital economy is that of freelancer cooperatives. This successful business model is growing almost everywhere in Europe, with most of the newly emerging working or labour-related cooperatives are cooperatives of independent workers. The Social Economy Action Plan needs to **promote cooperative business models for freelance workers**. Also, the economic activities of freelancers within cooperatives should be recognized as micro-enterprises as defined by the European Commission (EU Recommendation 2003/361) and therefore distinguished from the overarching cooperative when it comes to the economic support (including regarding De Minimis rule).

CECOP is the European confederation of industrial and service cooperatives. Our members are national federations of cooperatives, and organisations that promote cooperatives. Present in 15 European countries, we give voice to 40,000 enterprises, employing 1.3 million workers.

Our social cooperatives are very engaged in the work integration of disadvantaged groups and long-term unemployed.



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