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COLECCIÓN ESTUDIOS SOCIOECONÓMICOS

THE SOCIAL ECONOMY IN THE MEDITERRANEAN

Coordinator: Juan Antonio Pedreño Frutos

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Coordinator

Juan Antonio Pedreño Frutos

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MEDITERRÁNEO ECONÓMICO [NÚM. 32] THE SOCIAL ECONOMY IN THE MEDITERRANEAN

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*www.mediterraneoekonomico.com
mediterraneo@mediterraneoekonomico.com*

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MEDITERRÁNEO
ECONÓMICO

INDEX

PRESENTATION	7
<i>Manuel Gutiérrez Navas</i> Director of <i>Mediterráneo Económico</i>	
INTRODUCTION. THE SITUATION AND EVOLUTION OF THE SOCIAL ECONOMY IN THE CONTEXT OF THE SOCIO-ECONOMIC DEVELOPMENT OF THE EUROPEAN UNION AND THE MEDITERRANEAN	11
<i>Juan Antonio Pedreño Frutos</i> President of CEPES and Social Economy Europe. General Coordinator of the ESMED Network	
THE SOCIAL ECONOMY ON THE SPANISH GOVERNMENT'S AGENDA	31
<i>Pedro Sánchez</i> President of the Spanish Government	
THE SPANISH SOCIAL ECONOMY AS ACTOR OF JOB CREATION AND MAINTENANCE OF EMPLOYMENT.....	33
<i>Magdalena Valerio Cordero</i> Minister of Labour, Migrations and Social Security- Government of Spain	
THE SOCIAL ECONOMY IN THE EUROPEAN PARLIAMENT: LAPPING THE SHORES OF DEVELOPMENT.....	37
<i>Ramón Luis Valcárcel</i> Vice-president of the European Parliament and copresident of the Social Economy Inter-group (2014-2019)	
TOWARDS FAIR AND SUSTAINABLE GROWTH: EUROPE SUPPORTS THE SOCIAL ECONOMY	43
<i>Jyrki Katainen</i> Vice-president of the European Commission for Jobs, Growth, Investment and Competitiveness (2014-2019)	
<i>Marianne Thyssen</i> European Commissioner for Employment, Social Affairs, Skills and Labour Mobility (2014-2019)	
<i>Elżbieta Bieńkowska</i> European Commissioner for Internal Market, Industry, Entrepreneurship and SMEs (2014-2019)	
SOCIAL ECONOMY: A GENUINE PARTNER OF THE EUROPEAN SOCIAL MODEL IN NEED OF AN EU ACTION PLAN.....	47
<i>Luca Jahier</i> President of the European Economic and Social Committee (EESC)	
<i>Ariane Rodert</i> President of the Single Market, Production and Consumption Section of the EESC	
THE SOCIAL ECONOMY: PRESENT AND FUTURE DEVELOPMENT	53
<i>Teodoro García Egea</i> PhD in Telecommunications Engineering and Secretary- General of the People's Party	
PROMOTING SOCIAL ECONOMY THROUGH THE UNION FOR THE MEDITERRANEAN	57
<i>Nasser Kamel</i> Secretary General of the Union for the Mediterranean (UfM)	
JOB CREATION BY THE SOCIAL ECONOMY: A SHARED PRIORITY ON THE NORTHERN AND SOUTHERN SHORES OF THE MEDITERRANEAN.....	61
<i>Nicolas Schmit</i> Commissioner for Jobs and former Luxembourg Minister for Labour, Employment and the Social and Solidarity Economy (2013-2019)	



MEDITERRÁNEO
ECONÓMICO

ÍNDICE

A NEW GLOBAL ECONOMY FOR SUSTAINABLE DEVELOPMENT 65
Ariel Enrique Guarco | President of the International Co-operative Alliance (ICA)

THE SOCIAL ECONOMY: AN ALLY IN THE SOCIALLY JUST RECOVERY 71
Fátima Báñez | Former member of the Spanish Parliament and former Minister of Employment and Social Security (2011-2018)

A WORK AGENDA FOR THE SOCIAL ECONOMY FOR SHARED PROSPERITY
IN THE MEDITERRANEAN 75
Juan Antonio Pedreño Frutos | President of CEPES and Social Economy Europe.
General Coordinator of the ESMED Network
Carlos Lozano | Director of International Affairs of CEPES



PRESENTATION

Manuel Gutiérrez Navas

Director of *Mediterráneo Económico*

The social solidarity economy (or SSE as it is often abbreviated in the following 500-plus pages) is well-established in Spain and one of the drivers of our productive system. Some 21 million people –approximately 43 % of the country’s population– enjoy access to all types of essential goods and services and stable employment through 43,000 businesses, associations, friendly societies and the like across Spain, to which they have ties as partners, employees, users and/or beneficiaries. A heterogeneous group comprising all types of organisations from micro-enterprises to major corporations with a strong foothold in a wide range of sectors including education, healthcare, large-scale distribution and banking, which, above all, has been especially dynamic in the last decade with its own personality. The social solidarity economy is a business model that works, generates 10 % of GDP and 12 % of employment or over 2.2 million direct and indirect jobs. It has withstood the ill effects of the 2008 crisis better than many others –an example of «resilience» using today’s jargon– and undoubtedly helps agents in the real economy who would otherwise individually face numerous, often insurmountable, barriers to entry to access markets and products.

The social economy is also a key sector across the rest of Europe, comprising no less than 2.8 million organisations and enterprises that have signed up to this way of operating (10 % of all registered businesses) and generate 8 % of GDP and 13.6 million jobs. It is especially well established in France and Italy. Further afield, the number of businesses in the social economy in the Euro-Mediterranean region, which is the focus of this publication, stands at 3.2 million with 15 million workers. In this context, Spain’s social economy is a benchmark for the rest of the European Union and our neighbours in North Africa. This is thanks to the country’s long history of associations and their weight in the wider productive fabric and for the pioneering nature of some of its legislative and institutional initiatives to promote this type of enterprise. These include the Social Economy Act 5/2011 and the 2017-2020 Spanish Social Economy Strategy, which are often quoted in this volume.

Despite all this, much of the population have limited awareness of the social economy, primarily those people who do not work in one of its constituents, and are not conscious of benefiting from the mutualised services it offers, even though they do on a daily basis, such as social care and healthcare and education centres managed by worker-owned enterprises. In the digital society, major listed companies, global franchises and technology start-ups tend to be in the media spotlight (and are often the focus of academic research). However, it is rarely

the case that attention shifts to cooperatives in the agrifood industry (even though this may be the biggest sector and employer in a region and ensures its population does not dwindle), friendly societies or special employment centres, despite the immediate positive impact of these organisations being infinitely greater in economic, social and environmental terms.

The term «social economy» is perhaps too ambiguous and leads to confusion, above all if it is accompanied by the quasi-synonym «the third sector» (or fourth in Latin America), which is often only and incorrectly associated with not-for-profit care services and altruistic initiatives targeting groups of at risk of exclusion, which proliferate during economic downturns, or international charity and cooperation projects. Equally, it is seen from an equally skewed perspective by those who view cooperativism and social enterprise as merely an escape valve for the structural crisis of a sector that is behind the times, as being associated with activities that are unproductive and even less technified in the rural sphere. It is as if, for instance, the agrifood sector –another driver of our productive fabric– was not, as it actually is, the epicentre of some of the most competitive businesses in our world and the test bed for some of the most cutting-edge technologies in the fields of biochemistry, genetics, renewable energy, robotics and mass data processing –all crucial tools for sustainable development in the 21st century.

In light of all this, the jobs, activity and resources that revolve around the social economy; its direct impact on the incomes, well-being and fulfilment of the basic needs of millions of people; and the internationally recognised values of equity, equality, mutual support and inclusion that underpin it; its leading role in this new era of the global economy, with the worst economic crisis in our recent history now behind us and attention focused on the United Nations 2030 Agenda and achieving the Sustainable Development Goals; and, why not, because the cooperative bank Cajamar is an integral part of the social economy, we have decided to dedicate an edition of *Mediterráneo Económico* to examining this phenomenon.

The first time we covered this subject was 15 years ago in 2004, when Polytechnic University of Valencia professor, Juan Francisco Juliá, coordinated volume 6 entitled «Social economy. Economic activity serving the people». A number of years later, in 2013, volume 24 was published with the title «The role of agrifood cooperativism in the global economy», coordinated by Eduardo Baamonde, then general manager of agrifood cooperatives –Spain and current chairman of Cajamar Caja Rural, who has also penned an article in this edition on our cooperative banking model as a financial agent for local and regional development that serves people and good ideas. Since then, despite being a cross-cutting theme in several editions of the collection, it is not until now that we have returned to dedicate a monograph to it. That said, we have continued to build up our «Cooperativism Library» with successive publications, all freely and openly available on our website, and have continued to raise awareness of the subject and conduct socioeconomic research through our university chairs, two of which specifically focus on the SSE.

This publication aims to delve deeper into defining as clearly and precisely as possible the complex universe of the social economy in Spain, naturally within the Euro-Mediterranean context. All this to ensure we have it clear in our minds what we mean when we talk about



the social economy, and more specifically, social economy enterprises. This is because if we do not add the first noun to the phrase –despite some pre-judgemental minds believing the terms *company*, *social* and *charitable* belong to opposing semantic fields– it will have been a futile exercise.

The social economy concerns people: people who take part in a shared project to reach an economic goal that meets a basic need of the group of people calling for it. It does not involve exploiting a niche in the market, maximising profits or creating new demand, rather it covers the real needs of people in the real economy, providing all types of goods and services which, because of their high cost or the limited profit margins on producing them, are of no interest to conventional commercial enterprises or are supplied by them at a price that is beyond the reach of many sectors of the population.

In summary, it concerns companies that are the brain child and jointly owned by group of individuals, which put personal development and fulfilment of social goals before capital, and which can take the form of cooperatives, employee-owned enterprises, friendly societies, special employment centres, social integration enterprises, fishermen's guilds, associations or foundations, depending on their specific requirements and tradition in the sector in which they operate. All these enterprises make up no less than 10 % of Europe's business fabric and, despite having to compete in an open market and be as effective and efficient as possible, voluntarily adopt a specific socially-oriented formula founded on the conviction that it is the best way to fulfil their remit. They adopt very specific policies on governance, management and business models, and their viability as an economic endeavour directly shapes the sustainable local development of the community in which they operate.

So, after introducing the reader to the concept of social economy enterprises and presenting the latest statistics –one of the challenges facing the sector, as highlighted by José Luis Monzón, president of CIRIEC-Spain in his article– this edition provides an in-depth analysis of the various business agents participating in the SSE ecosystem, including particular success stories, past claims and details of how the latest regulatory developments have affected them, as well as the possibilities of developing this business formula to continue generating wealth, jobs and regional cohesion in the current economy marred by uncertainty. The publication also looks at the SSE's role as a driver of economic convergence and dealing with inequalities in other countries close to Spain in the context of a global economy in which we cannot act merely as observers of the social challenges faced by the southern half of our Mediterranean.

Ever since this publication was first proposed, we have been well aware of how ambitious it was. There is no doubt that there is, fortunately, a plethora of publications in Spanish on the social economy. Nevertheless, we still felt the need for a comprehensive and up-to-date view such as that provided herein, with the input of political and institutional leaders from all the countries involved, sector spokespeople, business chiefs and academics specialising in the sector. In order to coordinate a study such as this, we decided to turn to the Spanish Business Confederation of Social Economy (CEPES), not only because of its representative role as a platform for institutional dialogue with the public authorities but also, fundamentally, because

we are very familiar with the people heading up this organisation, above all its president Juan Antonio Pedreño. Juan Antonio is recognised for his efforts to integrate and grow the sector, give it its own voice in dealings with the government, and raise awareness of it in society as a whole, while also fostering cooperation between all SSE agents within and beyond Spain's borders.

CEPES was founded in 1992 and combines the forces of 25 organisations, national and regional confederations and business groups, with the assistance of over 200 support structures at the regional level and bridging the entire social economy ecosystem in Spain. Grupo Cooperativo Cajamar is one of its members, contributing its in-depth knowledge of the sector and experience as an agent of local development and leading cooperative bank in Spain that offers specific financial solutions and specialist advice to social economy enterprises.

As Cajamar's chairman, Eduardo Baamonde, points out in this edition of *Mediterráneo Económico*, cooperatives, and by extension all social economy initiatives, are «businesses with a cause» –the cause being the economic, social and personal development of the individuals involved. In this edition, we wanted to acknowledge the contribution of this segment and highlight its potential as a tool for building a socially-minded Europe (under threat after the European constitutional crisis and menace of Brexit) and as a driver of international cooperation and development in Spain and along the shores of the Mediterranean. Ultimately, as has been repeated many times and often in the pages of our collection, one of the priority formulae for achieving this is the construction of a new productive model that is not only more efficient, robust and competitive but also fairer, more equitable and sustainable, ahead of the new era in the global economy that is approaching. We write as members of the social economy, proud of our cooperative nature and of being who we are because we do what we do.

All that remains is for me to thank Juan Antonio Pedreño and every member of his team, particularly Carlos Lozano (international relations coordinator at CEPES) for his enthusiasm towards the project which has now come to fruition, his energy and attention to detail. But above all, his compassion. To conclude, this publication is also by people for people –those people we hope to continue working with in the future to further strengthen the social economy in Spain.



SITUATION AND EVOLUTION OF THE SOCIAL ECONOMY IN THE CURRENT SOCIO-ECONOMIC CONTEXT IN THE EUROPEAN UNION AND THE MEDITERRANEAN

Juan Antonio Pedreño Frutos

President of CEPES and Social Economy Europe
and General Coordinator of the Euro-Mediterranean Network of Social Economy (ESMED)

1. Introduction

The book that you have in your hands and that I have had the privilege to coordinate thanks to the confidence of Cajamar Caja Rural is a work that, first and foremost, seeks to highlight the scope of the important role performed by the social economy enterprises and organisations in Europe and the Mediterranean¹.

This publication includes the opinions of senior government representatives –such as the President of the Spanish government– as well as of the high representatives from the European institutions and international organisations, experts and representatives of the social economy from 12 European and southern Mediterranean countries. This publication consolidates the social economy as a pillar on which a more equitable and fairer economic model is being built. These authoritative voices are repeatedly and simultaneously alluding to the social economy as a enterprise model that is committed to putting people and solidarity at the heart of its activities without forgoing competitiveness in the market and innovation.

Social economy enterprises offer solutions to challenges shared by societies in Europe and the southern Mediterranean, such as the creation of quality employment, retaining existing jobs, reducing inequalities, sustainable local development and a fairer distribution of wealth.

This book confirms the social economy as a key private sector actor that lays the foundations of the world that the high-level agendas of international organisations are moving towards, such as the «European Pillar of Social Rights», which seeks to adapt Europe's social model to the challenges of the 21st-century in order to increase the equality of opportunities, improve access to the labour market, generate fairer working conditions, and increase social protection and inclusion.

¹ Cajamar Caja Rural is the leading Spanish cooperative financial group that has 3.4 million customers, 1.4 million members, 1,018 branches and 5,506 employees. At 31 December 2018, it had assets of € 44.079 billion and a volume of € 73.859 billion under management. It is present in 43 provinces in Andalusia, Aragón, Asturias, the Balearic Islands, the Canary Islands, Cantabria, Castilla-La Mancha, Castilla y León, Catalonia, the region of Valencia, Extremadura, Galicia, La Rioja, Madrid, Navarra and the region of Murcia, as well as in the autonomous cities of Ceuta and Melilla. In the new European banking union, the Cajamar Cooperative Group is ranked in the top 12 significant institutions of the Spanish financial system based on its size and volume of assets. Website: <https://www.grupocooperativocajamar.es>

The social economy is called upon to play an important role –together with other socioeconomic actors– in the discussion that the International Labour Organisation (ILO) has launched to mark its centenary, to analyse the global factors that are defining the future of work and be able to adopt the necessary changes in order to create a fair labour market.

It is no coincidence that, as highlighted numerous times on the following pages, the social economy is fundamental for achieving the Sustainable Development Goals in 2030, in other words, to build a better future for the coming generations based on economic growth compatible with the health of the planet, which ensures a more equitable distribution of wealth and offers better living opportunities to everyone.

The social economy has taken on this role in the Sustainable Development Agenda 2030 because its entrepreneurial model based on values such as participation, solidarity and collective ownership and initiative effectively helps to encourage decent work, local and sustainable economic development, environmental protection, the well-being and empowerment of women, the promotion of food security and access to universal health coverage, as highlighted by the United Nations Inter-Agency Task Force on Social and Solidarity Economy².

Today social economy enterprises and organisations constitute a global actor that represents around 7 % of the world's GDP and global employment³. An actor that has rightly become a central piece of socio-economic development strategies and policies at an international level and especially for national and regional governments, because it is in the territories where these enterprises and organisations provide all of their added value, improving the environments that people live in.

An important part of this global phenomenon is also occurring in Europe and the countries of the southern Mediterranean which, thanks to the social economy, are moving towards a better future based on cooperation and collaboration.

2. Towards a common concept of social economy enterprise in the Euro-Mediterranean region

Both in Europe and in the southern Mediterranean countries, the diverse types of social economy enterprises are the result of a varied historical evolution that reflects a specific historical context and the different social and economic contexts. Despite these differences, a convergence between the South and North of the Mediterranean is on its way to establish a shared social economy concept.

² Position document drafted by the UN Inter-Agency Task Force on Social and Solidarity Economy, «The Social and Solidarity Economy and the Challenge of Sustainable Development», 2014.

This group comprises 19 United Nations agencies. For more information see <http://unsse.org/>.

³ UNITED NATIONS (2017): «Cooperatives in social development. Report of the Secretary-General».



The main representative organisations of the social economy in the EU (Social Economy Europe) and the Euro-Mediterranean region (the Euro-Mediterranean network of Social Economy – ESMED) are playing an important role in this process⁴.

Both organisations have agreed and established a definition for the social economy based on a series of principles that define the management of this enterprise model:

- The primacy of the individual and the social objective over capital.
- Voluntary and open membership.
- Democratic control by their members.
- The combination of the interests of members/users and the general interest.
- The defence and application of the principles of solidarity and responsibility.
- Autonomous management and independence from public authorities.
- The essential the surpluses is used to carry out sustainable development objectives, services of interest to members and of general interest.

These principles have achieved legal recognition in the laws that regulate and recognise social economy in various EU member states (France, Portugal and Spain, among others). They have also been included as the distinctive elements that identify the social economy in draft bills that are being under discussion in Morocco and Tunisia.

These principles are also consistent with the distinctive characteristics that various institutions, both national, European (see Annex I) and international, have included in the definitions regarding the social economy that they have drawn up in their measures in favour of this private sector actor, such as the International Labour Organisation (ILO), which defines the social economy as «a concept designating social and solidarity economy enterprises and organizations, in particular cooperatives, mutual benefit societies, associations, foundations, non-profits and social enterprises, which have the specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity»⁵.

The social economy is therefore an entrepreneurial model based on common characteristics in terms of objectives for development, organisational forms and participation values, solidarity, innovation and collective ownership and initiative; a business model which does not seek to maximise the economic benefit, but treats this as the instrument or the means to achieve the social aim of these enterprises and entities, prioritising the people over capital.

The origin of the social economy is closely linked to traditions and mutual support associations in the southern Mediterranean countries (such as the «touiza» or «tontine», among others)

⁴ For more information: www.socialeconomy.eu.org and esmednetwork.blogspot.com.

⁵ INTERNATIONAL LABOUR ORGANISATION (ILO) (2014): *The social and solidarity economy*.

and with the birth of the cooperative movement in Europe which, together with the popular and mutual associations, were interrelated expressions with a single aim – the response of the most vulnerable and defenceless social groups through self-help organisations to the new living conditions created by the development of industrial society in the 18th and 19th centuries⁶.

This spirit prevails in the international «cooperative» definition adopted by the ILO: «an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise»⁷. The principles that define cooperatives, which were approved in the 19th-century by the International Cooperative Alliance (ICA), have significantly contributed to the current development of the social economy concept⁸.

This concept has evolved as new entities have come into being throughout history which, on the basis of the aforementioned principles, have responded to needs such as healthcare coverage through mutual benefit societies, the social inclusion of people at risk of social exclusion through social enterprises, or the provision of general interest social services by associations and foundations⁹.

Nevertheless, signs of the social innovation that underlies these initiatives in the social economy are present in every country on the north and south of the Mediterranean, creating new forms expressions that reflect this enterprise model. Consequently, to understand its development and appreciate its potential in the Euro-Mediterranean region, we need to understand the evolution and situation of social economy both in Spain and in the rest of Europe and in the countries of the southern Mediterranean.

3. The social economy in Spain: a reference model

In Spain, as in other European and surrounding Mediterranean countries, the social economy has a significant socio-economic presence and has experienced strong growth thanks to the emergence of an internationally-leading institutional environment for development and cooperation over the years.

One of the factors that has made a decisive contribution to building this conducive ecosystem has been the robust organisational structure of the sector through the Spanish Confederation of Social Economy Enterprises (CEPES) and its ability to present proposals to foster this entrepreneurial model, as explained in the chapter on Law 5/2011 on Social Economy in Spain.

⁶ EUROPEAN ECONOMIC AND SOCIAL COMMITTEE (2012): *The Social Economy in the European Union*; p. 13 and subsequent pages.

⁷ ILO. Recommendation on the promotion of cooperatives, 2002 (nº. 193).

⁸ See <https://www.ica.coop/en/cooperatives/cooperative-identity>.

⁹ See <https://www.aim-mutual.org/what-is-a-mutual/> and See for example the European Commission Communication «Initiative in favour of social entrepreneurship. Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation». COM (2011) 682 final.



Since its creation in 1992, CEPES has been representing the common concerns and proposals of the social economy, especially to the Spanish government but also to European and international institutions. This means that CEPES has an open dialogue with the government and an institutional presence in labour forums and consultative committees that define socio-economic policies.

CEPES is a representative organisation for promoting and creating public and social policies to boost social economy as an enterprise model focused on people in Spain¹⁰. Its legitimacy to claim this role lies in its broad associative base that consists of 25 member organisations that are national or regional confederations and specific business groups, which represent the interests of the social economy in its different forms, which have more than 200 support structures at the regional level.

The specific relevance of the social economy is highlighted by the fact that the associative structure of CEPES represents more than 42,140 social economy enterprises and entities of all sizes, which operate across every economic sector (See table 1). Social economy generates 2.1 million jobs (more than 12.5 % of the active population) and 10 % of the national GDP.

Table 1. Socio-economic presence of the social economy in key sectors

The final output of agricultural cooperatives accounts for 60 % of Spain's total production.

The market share of consumer cooperatives has risen from 4 % to 15 % in the last 20 years.

Some 15 % of the Spanish population live in homes developed by cooperatives and 45 % of real estate development is owned by cooperatives.

Educational cooperatives are present with more than 500 primary schools, secondary schools and universities, educating nearly 300,000 students and with more than 15,000 teaching members.

The cooperative healthcare model offers private healthcare, in which practitioners are members of the cooperative. They generate more than 35,000 jobs and sales of nearly € 1.5 billion.

Some 25 % of the insurance sector in Spain is owned by 371 mutual benefit societies, which manage more than € 38 billion for 2,500,000 mutual members.

The fishing sector represented by the fishing cooperatives and fishermen's guilds, with more than 10,000 vessels, are the most common organisations on the Spanish coastline due to their traditions and importance. They employ 35,000 people.

¹⁰ For more information: www.cepes.es.

This enterprise model has become a key factor in the creation and maintenance of stable, inclusive and quality employment, as shown by official figures¹¹:

- Nearly 80 % of the jobs in the social economy are permanent contracts and 82 % are full-time jobs.
- It creates employment among young people. Some 41 % of workers are under 40 years of age, with the social economy providing the bridge for new generations to access work.
- There is gender balance, since nearly 50 % of this employment is held by women, which makes us feel proud.

All of the figures show the social economy as a leading social partner that is recognised by the highest state institutions, as demonstrated by the approval of Law 5/2011 on social economy in 2011¹².

This law was unanimously approved by every political party and was the first law adopted by an EU member state. It represents one of the key milestones in recognising and developing this entrepreneurial model in Spain and in Europe, by providing a legal definition for the social economy based on the common characteristics shared by these enterprises, as well as providing a mandate to public authorities and administrations to promote them¹³.

Law 5/2011 establishes that cooperatives, mutual benefit societies, foundations and associations that carry out economic activities, employee-owned societies, social inclusion enterprises, special employment centres, fishermen's guilds and agricultural processing companies all form part of the social economy and those entities that carry out economic and business activities whose operating rules reflect the principles of the social economy established by the Law and that are included in the government's list of social economy entities of the Ministry of Employment, Migrations and Social Security¹⁴.

The environment that exists at a national level to promote the social economy has been strengthened by the Spanish Strategy for the Social Economy 2017-2020, which is a pioneering initiative in Europe that the government has drawn up, through Law 5/2011, to establish

¹¹ Ministry of Labour, Migrations and Social Security (December 2018) Database Of The Social Economy Characteristics of workers registering for the Social Security. Summary table of results.

¹² Law 5/2011 of 29 March on Social Economy. Official State Gazette (BOE) n.º 76 of 30 March 2011.

¹³ The law defines the social economy (article 2) as the set of economic and business activities, which in the private sphere are carried out by those entities that [...] pursue either the collective interest of their members, or the general economic or social interest, or both according to various guiding principles (article 4):

a) Primacy of the individual and of the social purpose over capital. this materializes in an autonomous and transparent, democratic and participative management, which prioritises a decision-making process based more on individuals and the contribution they make to the organisation with their work and services or on the social purpose, than on their contribution to the capital.

b) Distribution of the profits obtained from the economic activity mainly according to the work contributed or the service or activity performed by members and, if applicable, according to the entity's social purpose.

c) Promotion of solidarity internally and with society that favours commitment to local development, equal opportunities between men and women, social cohesion, the insertion of persons with the risk of social exclusion, the generation of stable and quality jobs, the conciliation of private, family and work life and sustainability.

d) Independence with regard to the public authorities.

¹⁴ Specific information about these types of social economy can be consulted at: https://www.cepes.es/social/entities_cooperatives.



working lines and measures to promote the social economy in areas that are strategic and fundamental for its development¹⁵.

Likewise, Spain continues to be at the forefront in Europe as the first member state to have an Operational Programme on Social Inclusion and Social Economy, co-financed by the European Social Fund for the 2014-2020 period. This program, which has funding of €1.1 billion (of which €800 million is for providing socio-employment support for people cut off from the labour market and to strengthen the role of the social economy) is one of the instruments that the Spanish government has designed to help achieve the objectives set by Europe to promote inclusive growth. This includes, among other elements, leveraging the potential of the social economy for economic recovery, thereby positioning the promotion of this sector as one of the fundamental pillars of the aforementioned Operational Programme, which is characterised by the fact that a part of this is managed by the sector itself through its representative organisation, CEPES¹⁶.

The experience accumulated during its more than 25 years of existence means that CEPES is committed to developing the social economy also in the EU and the neighbourhood regions.

Since 2000 CEPES coordinates the activities of the Euro-Mediterranean Social Economy Network (ESMED), the leading organisation for the sector in the Mediterranean. Since the end of 2015, CEPES chairs Social Economy Europe (SEE), the organisation that represents the European social economy, which took over from CEP-CMAF (the European Standing Conference of Cooperatives, Mutual societies, Associations and Foundations), which was the first platform for the European social economy.

Through its experience, CEPES is contributing to develop these enterprises and organisations in Europe and the southern Mediterranean countries.

4. The social economy in the European Union

The social economy has been part of the EU since its founding. The constitutional treaties of 1957 of the European Economic Community already recognised cooperatives among the diverse forms of enterprise that existed in the Union. The social economy has consolidated itself on the Union's agenda throughout Europe's history as a key actor of the European social model and for creating employment.

Ever since the European Commission drafted its communication entitled «Business in the Économie Sociale sector: Europe's frontier-free market» in 1989, European institutions have been increasingly committed to this enterprise model reflecting its significance and relevance. The Council of the European Union has indicated that «the social economy further

¹⁵ Resolution of 15 March 2018, of the Secretary of State of Employment, which publishes the Resolution of the Council of Ministers of 29 December 2017, which approves the Spanish Social Economy Strategy 2017-2020. Official State Gazette (BOE) nº 69 of 20 March 2018.

¹⁶ See CEPES website: fse.cepes.es.

contributes to several key EU objectives, including the achievement of smart, sustainable and inclusive growth, high-quality employment, social cohesion, social innovation, local and regional development, and environmental protection. It is also an important tool which contributes to ensuring people's well-being. More importantly, the social economy is a sector that has weathered the economic crisis much better than others and is gaining increasing recognition at a European level»¹⁷.

Between 2003 and 2015, the number of jobs in these enterprises rose from 11 million to 13.6 million¹⁸. At present, the 2.8 million social economy organisations and enterprises that exist in the EU account for 10 % of its total business sector and generate 8 % of its GDP¹⁹.

Interest in this corporate model has led to institutions organising working forums specialised in the social economy to discuss ways of encouraging its development.

The European Parliament has had a Social Economy Intergroup for the majority of its legislative terms since 1990. During the 2014-2019 legislature, the Intergroup brought together more than 80 members of the European Parliament from five parliamentary groups that have dealt with initiatives and policies for the social economy, together with other European institutions and organisations representing the sector.

The European Economic and Social Committee (EESC) has a Social Economy category. Members of this Category are representative of these enterprises in Member States and promote initiatives and reports that benefit the sector. In 2015 the EESC created a permanent study group on social economy enterprises, comprised of 15 members from its three groups («Business leaders», «Workers» and «Diverse activities»), which included social economy representatives. The EESC has held the European Day of Social Economy Enterprises since 2016 in Brussels, at the request of this group.

For its part, the European Commission has various departments that take a sector-based approach to policies in which the social economy plays a relevant role (employment, business, regional development, research, capital markets and international cooperation, among others). In 2017 the Commission launched a task force that coordinates the activities beneficial to the social economy carried out by more than 20 General Directorates based on a joint work plan, which is leading to greater visibility and development of this enterprise model in the EU.

The Commission's commitment to the social economy was also boosted in October 2018 with the creation of a new group of experts on social economy and social enterprises, which is responsible for advising and monitoring the measures intended to promote the social economy

¹⁷ EU Council (2015) Conclusions on «The promotion of the social economy as a key driver of economic and social development in Europe». Accessible from: <http://data.consilium.europa.eu/doc/document/ST-15071-2015-INIT/es/pdf>.

¹⁸ European Economic and Social Committee (2007) «The Social Economy in the European Union» and European Economic and Social Committee (2017) «Recent evolution of the social economy in the European Union».

¹⁹ See previous note and European Commission Expert Group on Social Entrepreneurship (GECES) (2016) Page 10. Report «Social enterprises and the social economy going forward. A call for action from the Commission Expert Group on Social Entrepreneurship (GECES)».



carried out by the Commission, thereby providing continuity to the expert group on social entrepreneurship that was operational up until the early part of the same year²⁰.

In addition to the measures that institutions have launched for cooperatives, mutual societies, foundations and associations, or for social enterprises, these institutional forms of the social economy have been incorporated into sector-based policies. Some examples are the active employment policies that make reference to worker cooperatives and social inclusion enterprises; or the social services policies in which associations, foundations and other non-profit entities have played a key role; the agri-food cooperatives in agricultural and rural development policies; or the mutual benefit and welfare societies in social security systems²¹.

This situation has meant that until relatively recently European sector-based policies have been created with explicit references (although sometimes unrelated) to the different forms of the social economy. Fortunately, institutions and member states are making progress towards establishing a European policy for the whole social economy that for the organisations representing the sector have been calling for.

Social Economy Europe included in its proposals prior to the European Parliament elections in 2014, a European Action Plan to develop social economy enterprises to be adopted by the European institutions. This proposal was developed by Social Economy Europe the following year in its white paper entitled «The Social Economy... Retaking the initiative. Proposals to make the social economy a pillar of the European Union», which noted that a European Action Plan must promote the social economy in order to strengthen coherence between the policies of the different European institutions, member states and local and regional governments. Strengthening the coherence between different policies is fundamental for maximising the social economy's contribution to the European Union's development goals, especially those included in the Europe 2020 strategy.

In the following years, the European Economic and Social Committee (EESC) and the European Parliament asked the European Commission to adopt this plan. The EESC proposed that the Commission included this plan in its working programs for 2017 and 2018, while the European Parliament included this demand in its resolution on the Strategy for the single market in 2016, requesting the Commission to develop a European action plan for social economy enterprises in order to release their full potential to achieve sustainable and inclusive growth²².

Definitive institutional support in Europe in favour of the social economy has been promoted by member states for some time, which have played a key role in strengthening these enterprises and organisations for decades.

²⁰ For more information: http://ec.europa.eu/growth/sectors/social-economy/enterprises/expert-groups_en and <http://ec.europa.eu/DocsRoom/documents?locale=en&tags=current-plenary-geces>.

²¹ Report «The Social Economy in the European Union». EESC. 2012.

²² European Parliament Resolution of 26 May 2016 on the strategy for the single market.

Since 1990, member states have organised European social economy conferences as part of their rotating presidencies of the EU Council. The conclusions of the conferences in Rome in 2014, Luxembourg in 2015 and Bratislava in 2016 focused on the demand by States for a European policy for this enterprise model in line with its importance and socio-economic significance²³.

In the course of these events, in December 2015 the EU Council approved the conclusions entitled «The promotion of the social economy as a key driver of economic and social development in Europe» which establishes a roadmap with specific measures to develop these enterprises and entities in Europe.

This document, which was a historical milestone, achieving the unanimous support of all member states, was presented just a few days after the European Conference on the Social Economy in Luxembourg in December 2015. Its conclusions were adopted by six member states (France, Italy, Luxembourg, Slovakia, Slovenia and Spain), which decided to create a permanent cooperation group to strengthen their social economy activities, called the «Monitoring Committee of the Luxembourg Declaration». This group has strengthened its actions over the last three years and the number of countries involved in its activities has grown to 14²⁴.

Another of the key milestones in building this consensus in favour of a European policy on the social economy was the summit entitled «The Social Economy, an business model for the Future of Europe» held in Madrid in May 2017. On this occasion, representatives from 11 countries (Bulgaria, Cyprus, Slovenia, Spain, Greece, Italy, Luxembourg, Malta, Portugal, Romania and Sweden) called for national and European policies that support entrepreneurship to take into account social economy models as a way of creating inclusive employment and a fairer, more equitable and sustainable society while once again calling on senior authorities from all European institutions to approve an action plan²⁵.

The European Commission has also echoed this request. As a result of its Communication entitled «Europe's next leaders: the Start-up and Scale-up Initiative» and in line with the recommendations made by the European Commission Expert Group on social entrepreneurship in October 2016, the Commission adopted 30 measures in favour of this sector to be implemented between 2017 and 2018 across five strategic areas for these enterprises²⁶:

- Access to finance.
- Improved access to markets.
- Strengthening of regulatory and support frameworks.
- Access to social innovation, technologies and new business models.

²³ Accessible from: www.socialeconomyrome.it; www.eu2015lu.eu/en/actualites/communiqués/2015/12/04-declaration-luxembourg/ and www.mpsvr.sk/sk/socialnaekonomika/bratislava-declaration.html.

²⁴ Bulgaria, Cyprus, Spain, Slovakia, Slovenia, France, Greece, Italy, Luxembourg, Malta, Portugal, Czech Republic, Romania and Sweden.

²⁵ The declaration from the Madrid summit can be found at <https://www.cepes.es/documentacion/424>.

²⁶ COM (2016) 733 final. 22.11.2016.



- Strengthening the external dimension of the EU social economy, which also includes Euro-Mediterranean cooperation.

Based on this series of measures and actions that have been implemented over decades, the institutions have continued renewing their commitment to the social economy and are increasingly moving together towards a policy in favour of this enterprise model in Europe. This commitment and desire to work was highlighted at the meeting held in October 2017 by the co-presidents of the Social Economy Intergroup and Social Economy Europe, with the European Commission Vice-President for Jobs, Growth, Investment and Competitiveness, Jyrki Katainen, and the European Commissioner for Employment, Social Affairs, Skills and Labour Mobility, Marianne Thyssen.

As a result of this meeting, the Commission agreed with the Parliament to prepare a working document on the future of European policies for the social economy to be delivered to senior representatives of the European Commission in order to establish lines and measures for the future development of the sector. This document was approved in October 2018 by the Social Economy Intergroup of the European Parliament on the basis of a proposal submitted by Social Economy Europe as the representative organisation of the social economy, which is also in charge of the secretariat of the Intergroup.

The proposed action plan drawn up and agreed by the sector through Social Economy Europe was called «The Future of EU policies for the Social Economy: towards a European Action Plan» and seeks to achieve three main objectives described below²⁷:

Objective 1. Recognise the social economy as a transversal actor in the main socio-economic policies of the European Union:

Social economy enterprises and organisations operate in all the economic sectors and represent an important part of the European economic and corporate landscape (more than 10 % of all EU businesses), demonstrating that the diversity of enterprise models enhances the competitiveness of our economies. Therefore, the social economy should be taken into account by European institutions, Member States and all public authorities in the design of their socio-economic policies.

Objective 2. Promote the convergence and coordination of the different public authorities involved in the promotion of the social economy by defining strategic objectives and benchmarks at EU level:

Various administrations at local, regional, national and EU level are directly involved in the regulation and promotion of the social economy in Europe. Therefore, it would be important to set-up a European policy framework for the social economy to enhance the

²⁷ Accessible from: <https://drive.google.com/drive/folders/1cIVf0TgnSzSeR5mGQ59Wb7-zuz9EIP2o>.

coherence, complementarity and coordination of the different policies and regulations, remaining respectful of the principle of subsidiarity.

Objective 3. Foster a conducive ecosystem for the growth of the social economy in Europe, improving its contribution to key EU objectives and allowing social economy enterprises to take full advantage of the single market and of EU funds and financial instruments:

The social economy has been one of the drivers of European integration, offering innovative solutions to address evolving socio-economic challenges. The EU institutions should initiate appropriate actions to foster the development of the social economy and to unlock all its potential for a smart, sustainable and inclusive growth at the service of European citizens».

In line with these three major objectives, the plan proposed by Social Economy Europe includes 20 measures and 64 actions structured around seven main pillars that are fundamental for these enterprises:

- Establish a common understanding of social economy enterprises and organisations in Europe.
- Improve the visibility of social economy enterprises and organisations and of their values and characteristics.
- Measure and further document the weight of the social economy and its effective contribution to the socio-economic development of the European Union.
- Provide in the framework of the European Single Market a conducive ecosystem for the growth of social economy enterprises and organisations, supporting them to access to finance and scale up, and by establishing the necessary legal framework, allowing them to fully operate trans-nationally in the Single Market.
- Further integrate the social economy in EU funds and programmes such as the ERDF, ESF+ and the cohesion funds.
- Foster the role of the social economy in the external action of the European Union.
- Strengthen and consolidate the permanent and structured dialogue between EU institutions and the social economy.

This proposal for an action plan, which was presented in January 2019 to the European Commission Vice-President, Jyrki Katainen, provides details about developing an EU policy for the sector and supplements the initiatives that European institutions and member states are putting in place for the social economy as a whole, defining the strategic priorities that will



free up its potential for smart, sustainable and inclusive growth that will benefit the people of Europe²⁸.

5. The social economy on the southern shores of the Mediterranean

The social economy has also experienced significant but different growth in the countries of the southern Mediterranean. While the cooperative movement has a significant presence in Egypt, Morocco and Turkey, in other countries state intervention in cooperatives has hindered their independence and autonomous development as private enterprises, which has occasionally resulted in a negative perception of the cooperative model. This situation has occurred in countries such as Tunisia, where the social economy has mainly grown through mutual societies and development associations.

Nevertheless, the social economy has a strong presence on the southern side of the Mediterranean Sea. After consulting figures and sources available in eight southern countries (Algeria, Egypt's, Jordan, Lebanon, Palestine, Morocco, Tunisia and Turkey) it can be estimated that there are more than 317,000 enterprises and entities providing more than 1.5 million jobs with 34.5 million associated people.

As highlighted by the European Investment Bank, the social economy plays an important role in the development of countries on the southern side of the Mediterranean thanks to its capacity to:

- Facilitate social and economic inclusion of people at risk of exclusion.
- Contribute to economic autonomy and security at every level of society.
- Generate a social impact on territorial development, promoting participation at a local level.
- Promote economic diversification, since the social economy is developing in every sector and in different types of enterprise.
- Promote local agriculture and connect individuals to food-related issues.
- Generate limited income through its entrepreneurial model and principles.
- The structure of the social economy based on mechanisms for participation makes it a «school» for participatory values and organised civic responsibility.

²⁸ In addition to Spain, various other member states have created policies and public departments related to the social economy, such as Luxembourg, which has a ministry of social economy, or France with a high commissioner for the social and solidarity economy and social innovation. In Portugal, the social economy is also a government priority and there has been a public-private development agency for the social economy for more than a decade. Countries such as Poland, Romania and Sweden have also created national plans to promote the social economy.

At present, the social economy concept is most present in the countries of the Maghreb region that have departments and important initiatives to promote the sector, which are described in more detail in the chapters of this paper.

Morocco has adopted a social and solidarity economy development strategy and has a ministerial department and a secretary of state responsible for this issue. This department develops policies to promote the social economy as a driver of employment, to combat poverty and social exclusion, and to promote local development and income-generating activities. The government is also working on a draft Social and Solidarity Economy bill, which as Morocco's Economic, Social and Environmental Committee has stated, should help to provide greater legal certainty to the different types of organisation in the sector and define the tools to promote this enterprise model.

Tunisia is also supporting the social economy, which the government has included in its development strategy (Five-Year Development Plan 2016-2020) with a target of employing 1.5 % of the active population by 2020. The ILO, with financial support from the Dutch government, is implementing the PROMESS program to promote the social and solidarity economy during the 2016-2019 period. The aim of this programme is to generate decent employment for young people and to launch an institutional system by putting in place local development strategies and a national consultative platform, as well as regional structures, advisory services, support and financing at a territorial level. This program, which has the backing of Tunisia's government and social partners, also seeks to support the passing of a social and solidarity economy law that is an initiative and a proposal of the Tunisian General Labour Union (UGTT) that is currently under discussion in the country.

The social economy in Algeria is part of the strategy to promote youth employment that the country's government is putting in place with the support of the European Commission, in order to promote this enterprise model at a nationwide level via the following means²⁹:

- Institutional strengthening of the public and private actors involved in its development in order to conceive, implement and monitor development strategies.
- Identification of sectors in which the social and solidarity economy has the greatest potential for job creation.
- Establishment of a plan to develop the social economy in order to promote and create jobs.
- Implementation of social and solidarity projects that benefit young people and have a territorial impact.
- Creation of an observatory or a monitoring mechanism of the evolution and development of the social and solidarity economy.

²⁹ Programme d'Appui Jeunesse-Emploi <http://www.paje.dz/index.php/economie-sociale-et-solidaire.html>.



In other countries in the region, strategies to develop social economy have mainly focused on promoting the cooperative model.

The Jordan Cooperative Corporation (JCC) is a Jordanian public institution responsible for promoting, training and strengthening the country's cooperatives³⁰. The JCC seeks to increase the number of jobs and the socio-economic level of cooperative members, improve market access for cooperative products, and promote the use of technologies in cooperatives and improve their access to finance.

Palestine has approved a strategy to develop its cooperatives with the support of the ILO.³¹ The priorities of this strategy are:

- Promote an institutional environment that is conducive to the development of co-operatives.
- Improve the levels of organisation and financing for cooperatives.
- Increase the involvement of cooperatives in new sectors such as the environment, recycling or renewable energy, among others.

The strategy is also focused on promoting and encouraging cooperatives among young people and exploring the potential of technology industries among young people and women.

The Lebanese Ministry of agriculture has adopted a development strategy for the agri-food sector that also encompasses the promotion and development of agricultural cooperatives by modernising them and improving their productivity, competitiveness, market access and technical training. Special attention is being placed on promoting the involvement of young people in agricultural cooperatives, increasing the number of jobs and income-generating activities in rural areas to reduce migration from rural to urban zones.

International organisations and the European Union are also supporting cooperatives and the social economy as development drivers in the countries of the southern Mediterranean. In the past, the ILO has rolled out various programs to promote cooperatives in the region and thanks to the support of the European Commission, a program of actions to support and develop social enterprises in the countries of the southern Mediterranean is currently being carried out³². This program is in addition to others launched by the European Commission in Morocco and Algeria for the social economy in previous years³³.

³⁰ <http://www.jcc.gov.jo/>.

³¹ For more information: http://www.ilo.org/beirut/media-centre/news/WCMS_544317/lang--en/index.htm.

³² See for example: http://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/meetingdocument/wcms_210753.pdf and MEDUP! Program <https://www.oxfamitalia.org/medup/>.

³³ Program entitled «Appui technique aux operateurs de l'économie sociale et solidaire dans la Province d'al Hoceima» (Morocco) in 2014 with a total of € 400,000 and the project entitled «Structuration du secteur de l'économie sociale, solidaire et innovante et soutien au développement de l'entrepreneuriat des jeunes» from 2015 for € 6 million.

6. Towards a joint work agenda: the social economy as an agent for Euro-Mediterranean socio-economic development cooperation

The social economy has taken on an important role in the EU's cooperation with the Mediterranean partner countries since foreign affairs ministers highlighted the social economy's contribution to job creation, as another form of enterprise management, at their Euro Mediterranean conference in 2005³⁴.

The Economic and Social Committees of the countries of the north and south Mediterranean have recognised the social economy as part of the Mediterranean's private sector, which generates employment, especially among young people and women, and which encourages entrepreneurial initiative, competitiveness and social cohesion³⁵.

The Nicosia Declaration of the Euro-Mediterranean Summit in Cyprus in 2014 by the Economic and Social Committees, expressly states, «the role that the social economy can play in fostering economic growth, eradicating poverty, building up sustainable local development, and improving labour market access and decent working conditions especially for women and young people, as well as for various categories of disadvantaged workers»³⁶.

As already indicated, the social economy is increasingly found on the agendas of the European Union and international organisations, as well as those involved in the political and socio-economic development of the Mediterranean, such as the Union for the Mediterranean (UfM), which is made up of 43 countries from Europe and the Mediterranean basin (28 EU member states and 15 Mediterranean partner countries from north Africa, the Middle East and South East Europe)³⁷. In September 2016, the third conference of employment and labour ministers of the countries of the UfM held in Jordan concluded that the still-unexploited potential of the social economy needs to be harnessed to create employment through legislation and appropriate incentives³⁸. In April 2019, the fourth Ministerial Conference on Employ-

³⁴ Agreed conclusions for the 7th Euro-Mediterranean conference of foreign affairs ministers; Luxembourg, 30-31 May 2005 http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/85023.pdf.

³⁵ Joint report on fostering entrepreneurial spirit, innovation and creativity in the Euro-Mediterranean region, prepared by the Spanish Economic and Social Council in collaboration with the National Economic and Social Council of Algeria, the Italian Council for the Economy and Labour, the Jordanian Economic and Social Council, the Palestinian Economic and Social Council, the Turkish delegation of the joint EU-Turkey Consultation Committee and the Tunisian Economic and Social Council. 2011; Opinion of the Economic and Social Committee on «Fostering the entrepreneurial spirit of women in the Euro-Mediterranean region». 2007; Joint report on the factors of competitiveness and social cohesion for building an integrated Euro-Mediterranean space, prepared by the Spanish Economic and Social Council (CES), the National Economic and Social Council of Algeria (CNES), the National Council for Economics and Labour of Italy (CNEL), the Tunisian Economic and Social Council (CES), the Malta Council for Economic and Social Development (MCESD), the Economic and Social Council of Greece (OKE) and the Joint Consultation Committee of the Economic and Social Council of Turkey (CES). 2007; Opinion of the Economic and Social Committee on «Fostering the entrepreneurial spirit of women in the Euro-Mediterranean region». 2007 and Informative document on «The social dimensional of relations between the European Union and Mediterranean partner countries prepared by the European Economic and Social Committee (speaker) together with the Economic and Social Council of Algeria, Economic and Social Council of Italy, Economic and Social Council of Israel, Economic and Social Council of Greece, Economic and Social Council of Tunisia, the delegation of representatives of civil society of Egypt, and the delegation of representatives of civil society of Jordan. 2008; Joint report on the factors of competitiveness and social cohesion for building an integrated Euro-Mediterranean space, prepared by the Spanish Economic and Social Council (CES), the National Economic and Social Council of Algeria (CNES), the National Council for Economics and Labour of Italy (CNEL), the Tunisian Economic and Social Council (CES), the Malta Council for Economic and Social Development (MCESD), the Economic and Social Council of Greece (OKE) and the Joint Consultation Committee of the Economic and Social Council of Turkey (CES). 2007.

³⁶ Final Declaration. Euro-Mediterranean Summit of Economic and Social Councils and Similar Institutions. Nicosia, November 2014. http://www.eesc.europa.eu/resources/docs/declaration_finale_es--2.pdf.

³⁷ <http://ufmsecretariat.org/>.

³⁸ See point 15. Declaration. Union for the Mediterranean Ministerial Conference on Employment and Labour (Jordan, 27 September 2016). <http://ufmsecretariat.org/wp-content/uploads/2016/09/UfM-Ministerial-Declaration-Employment-and-Labour.pdf>.



ment and Labour reiterated the commitment of UfM governments to the social economy, as stated in its final declaration³⁹.

Other social partners, such as business organisations, have also expressed their interest in this type of enterprise.

On the 20th anniversary of the Euro-Med partnership for political, economic and social cooperation between the European Union and the partner Mediterranean countries, business organisations from Europe, the Mediterranean and Arab countries approved an initiative by ASCAME (the Association of the Mediterranean Chambers of Commerce and Industry) featuring a series of proposals to promote Euro-Mediterranean integration that included enterprises from the social economy as agents for generating employment and social cohesion⁴⁰.

The different Economic and Social Committees from the north and south of the Mediterranean, which are made up of representatives of different socio-economic actors, worked together with the EESC on a report about the social economy and entrepreneurship in the Euro-Med region. This report presented a roadmap of measures to develop the sector in this region.

The social economy has also structured its representation at a Mediterranean level, becoming an agent that is leading the construction of a cooperation space between the two shores of the Mediterranean basin.

Since its creation in 2000, the ESMED network has become the primary institutional platform for the social economy within the sphere of the Union for the Mediterranean (UfM). Its members are representative organisations of the social economy and departments for development from nine countries (Algeria, Egypt, France, Italy, Morocco, Portugal, Spain, Tunisia and Turkey) representing through their members more than 900,000 enterprises and organisations, eight million jobs and more than 100 million associated people.

The activities of the ESMED network have focused on strengthening cooperation between both shores of the Mediterranean in order to promote greater visibility and recognition of the social economy by the international organisations and state institutions involved in the development of the Euro-Med region.

The European Economic and Social Committee and the Economic and Social Committees of the Mediterranean recognise the ESMED network as the representative of the social

³⁹ «The Ministers consider that Social and Solidarity Economy is not only an alternative way of delivering economic, social and environmental value, but also a smart way of unlocking resources, creating sustainable employment, and generating inclusive economic growth in the region. They call for promoting Social Innovation and creating an enabling environment for Social Enterprises to unleash the full potential of Social and Solidarity Economy. They acknowledge the role it will play in the context of the work program on UfM Industrial Cooperation and SMEs development».

⁴⁰ 20 20 Barcelona Declaration Together, going further. Barcelona process 1995-2015 the Mediterranean, our common future http://www.ascame.org/sites/default/files/declaration_2020.pdf.

economy in the Mediterranean, as stated in various declarations and conclusions of the Euro-Mediterranean summits of these committees and similar institutions⁴¹.

In conclusion, this work confirms that the social economy is a key player, which still has an unexploited potential in one of the regions of the world that is home to the highest levels of inequality, and which is offering future alternatives to young people. The opinions, analysis and proposals included in this paper are extremely valuable for progressing towards this greater cooperation in the area of the social economy between the European Union and its partner countries in the Mediterranean, which has been the guiding intent of this work.

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⁴¹ Valencia 2004: «6.4. The participants recommend that the steering committee: (...) Develops the contacts with socio-professional organisations such as the Euro-Mediterranean Trade Union Forum, the Union of Mediterranean Confederations of Enterprises, and the Euro-Mediterranean Network of the Social Economy [...]».

Nicosia 2014: «Point 28: ‘les participants encouragent tous les pays à participer aux réseaux régionaux d’économie sociale, tels que ESMED (Réseau euro-méditerranéen de l’économie sociale), afin de partager les expériences, promouvoir les bonnes pratiques et collaborer entre les deux côtés de la Méditerranée’».

Vravora (Greece) in 2016: «Point 8: ‘agreement was reached, in this regard, on the need to strengthen regional cooperation to protect the civil society space and they highlight the importance of the work of the existing sector networks at a regional level in this field. Accordingly, the participants express their gratitude to the networks present: ASCAME, ATUC, ESMED, SOLIDAR, the Euro-Mediterranean Human Rights Network and the Mediterranean Citizen’s Assembly Foundation, and encourages them to continue their work’».



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Annex. Descriptions of the social economy adopted by european and national institutions

European Parliament. Report on social economy (2008/2250[INI]). February (2009)

«The social economy gives prominence to a business model that cannot be characterised either by its size or by its areas of activity, but by its respect for common values, namely, the primacy of democracy, the participation of social stakeholders, the individual, and social objectives, over gain; the defence and implementation of the principles of solidarity and responsibility; the conjunction of the interests of its user members with the general interest; democratic control by its members; voluntary and open membership; management autonomy and independence in relation to public authorities; and the mobilisation of the bulk of surpluses in pursuit of the aims of sustainable development and of service to its members in accordance with the general interest».

Council Conclusions: «The promotion of the social economy as a key driver of economic and social development in Europe» (2015)

«Social economy enterprises refer to a universe of organizations based on the primacy of people over capital and include organisational forms such as cooperatives, mutual, foundations and associations as well as newer forms of social enterprises and may be regarded as vehicles for social and economic cohesion across Europe as they help build a pluralistic and resilient social market economy. Acting in the general interest, social economy enterprises create jobs, provide socially innovative services and goods, facilitate social inclusions and promote a more sustainable and locally anchored economy. They are based on solidarity and empowerment principles».

Economic, Social and Environmental Committee (Morocco). Opinion. Social and solidarity economy - a lever for inclusive growth»

«The social and solidarity economy covers all economic and social activities that are organised into formal structures or groups of independent individuals or legal personalities that have a collective and societal purpose, independent, democratic and participative management and free membership. The social and solidarity economy also includes all institutions that have a primarily social purpose and offer new, economically viable and inclusive models by producing goods and services focused on people, sustainable development and the fight against exclusion».

European Commission, (web DG GROWTH: https://ec.europa.eu/growth/sectors/social-economy_es)

«The primary objective of the traditional social economy enterprises is to serve the members and not to obtain a return on investment as the traditional mainstream capital companies do. The members act in accordance with the principle of solidarity and mutuality, and manage their enterprise on the basis of 'one man, one vote' principle».



THE SOCIAL ECONOMY ON THE SPANISH GOVERNMENT'S AGENDA

Pedro Sánchez

President of the Spanish Government

The last decade has been especially challenging for people from many walks of life. Our country's underlying shortfalls became more evident than ever when the international financial crisis hit, leaving in their wake a widespread feeling of instability and lack of opportunities which, as President of the Government, I pledge to resolve.

While Spain has gained very valuable ground over the last few years in terms of jobs, human capital and stability, my government firmly believes we must demonstrate our commitment through a fair economic recovery that reaches all corners of Spanish society. In other words, we are striving for an inclusive, people-centric recovery.

This is, in fact, one of the core principles of the social economy: its ability to put people before capital; at the heart of economic activity. Recent global events have served as a reminder to governments and other players involved in the well-being of society that an economy that is disconnected from the people may be financially successful but will be unsustainable from a social perspective.

In this respect, I can only embrace the values that the social economy represents and make them our own: autonomous management, democratisation of internal structures, transparency, sustainability, inclusion and solidarity. From whatever viewpoint we try to evaluate the social economy, we will always find a common thread: a model that prioritises equality, active participation and a long-term view, transmitting a series of values that brings all of us dignity as a society.

The social economy substantially underpins both our economic and social structure through cooperatives, employee-owned companies, mutual societies, associations and work integration social enterprises.

According to figures published by the Spanish Confederation of Social Economy Enterprises (CEPES), this sector directly and indirectly employs over 2 million people in Spain –some 12 % of total jobs– and contributes around 10 % of the wealth generated annually. Moreover, the stability working in this sector offers goes hand in hand with its inherent inclusive nature:

more than 128,000 individuals with a disability or at risk of exclusion work for one of the institutions comprising the social economy.

My pledge as President of the Government is not, however, something new. The fundamental principles on which the social economy in Spain is founded were laid down by the government of President José Luis Rodríguez Zapatero through the Social Economy Act 5/2011, answering many of the calls made by the sector. This act recognised the long-standing nature of the sector, which was born and initially developed at the end of the 18th century and beginning of the 19th century in both Spain and its neighbouring European countries. It also acknowledged the need to finally establish a legal framework enabling the sector to spread across the whole country.

Since then, the social economy has further strengthened its position, if that were possible, as a sector that humanises the economy. Today, we can all recognise in the economy the guiding principles developed in Act 5/2011, focusing not only on economic value but also social cohesion, setting itself a goal to create stable quality employment, fight for gender equality, and work to integrate people at risk of exclusion.

The hugely positive impact this sector has as a more inclusive social framework for all must therefore be highlighted, for at least two reasons.

First, because the social economy spans all sectors in our economy. From housing cooperatives to work integration social enterprise associations and fishermen's guilds to special employment centres, the social economy leaves its mark and spreads its values to all corners of the Spanish economy.

And second, because of the resilience and stability the sector has shown since the consequences of the international financial crisis were first felt, offering workers and their families financial security and contributing to the survival of the local economies in which the sector is active.

I would also like to point out that the values of the social economy and those that guide this Government are not just aligned in the economic and social spheres. Sustainable development also revolves around a third pillar, the environmental dimension, which we are fully committed to and have embodied through the creation of the Ministry for Ecological Transition, so needed to tackle a global challenge such as climate change.

I would like to conclude by thanking all the organisations, workers and people making up the social economy. Together, you make this country fairer, more inclusive and more united. Do not be in any doubt that the work of the Government will always support the expansion of your sector, of your values, and achieving the objectives you have set: people, at the heart of everything.



THE SPANISH SOCIAL ECONOMY AS ACTOR OF JOB CREATION AND MAINTENANCE OF EMPLOYMENT

Magdalena Valerio Cordero

Minister of Labour, Migrations and Social Security- Government of Spain

When we talk of the social economy, we are referring to a responsible, competitive and solidarity economy; we find in it a valuable ally for achieving inclusive development, that encourages gender equality, a balance between work and personal and family life, occupational health and safety, and the involvement of workers in running their organisations. In short, these are some of the key traits that characterise the business fabric and working climate of the social economy in Spain.

It is because of this that the Ministry of Labour, Migrations and Social Security has understood from the very beginning the special importance and role of Spain's social economy in building a fairer economic model with a greater social focus, better salaries and working conditions and improved lives of workers in the sector. It has also recognised that this involves offering essential support to strengthen companies in the sector, which puts people first before other assets and strictly financial interests. This is laid down in the regulations implementing the social economy in Spain: the Social Economy Act 5/2011 of 29 March 2011, an unprecedented law in Spain that represented a true turning point in acknowledging, raising the visibility of and developing the sector both nationally and within the European Union where our social economy is seen as an indispensable benchmark.

In this respect and as mentioned beforehand, the Law defines the term «social economy» as the set of business and economic activities that are carried out, within the private sphere, by institutions that work in the general economic or social interest (or both) giving primacy of the individual over capital. *Vis-à-vis* the aforementioned primacy of the individual, as expressly stipulated in the regulations, one of the guiding principles of the social economy is to seek equal opportunities for men and women, social cohesion, the integration into society of people at risk of exclusion, the creation of stable, decent jobs, work-life balance and sustainability. This ministry staunchly and responsibly upholds all these values, which undoubtedly concern not just those organisations in the social economy but indeed every company. That said, they are particularly important for social economy institutions as they are the specific defining features of their socio-economic activity.

Furthermore, the social economy has clearly played a key historical and social role as a leading provider of services and entrepreneurial activities that help those cohorts of the population struggling to find work to gain a foothold in the labour market and society as a whole, in both the areas of social action and work integration.

Spain has been a clear global leader in this sphere, as evidenced by Madrid being named European Capital of Social Economy in 2017 and the fourth edition of the Global Social Economy Forum being held in Bilbao in 2018.

It is no exaggeration to say that the Spanish social economy as a whole and each organisation within it are clear esteemed leaders on the global stage, not only because of the President of the Government of Spain's move to proactively reinstate a recognised institutional space for this sector of the economy but also thanks to the tireless, on-going work of the Spanish and European organisations headed up by individuals who dedicate themselves to this sector with hard work, enthusiasm and endeavour. In fact, it is the social economy that brings together all social and economic players and every tier of government as partners, which is the most powerful tool for transforming the current economic model into the development model we, the Government of Spain, strive for. A model we want to build together, alongside trade unions and business organisations, regional governments and local authorities, so that everyone wins and nobody is left behind. The goal is to avoid the same errors and suffering of so many families caused by the speculative economy during the early years of this century, where the aforesaid values defended by the social economy were unacceptably forgotten or cast aside.

The common values of the social economy, such as primacy of the individual and social objective over capital, democratic and/or participatory governance, the reinvestment of most profits to ensure the long-term sustainability of the enterprises, and the provision of services of interest to its members and local communities, actively contribute to social cohesion and therefore, to innovative, intelligent, sustainable and inclusive growth, and to the creation of decent jobs in Europe. The social economy has thus become a source of stable, decent work that cannot be delocalised, providing an important path into the workplace for individuals whose special circumstances make it more difficult for them to gain a foothold in the labour market and/or put them at risk of social exclusion.

Such jobs are consequently a key element of social cohesion that is so needed after the long crisis our country has had to endure, establishing Spain as one of the main players in creating and protecting stable employment. The social economy is the people-centric economy, sharing the values and guiding principles contained in the United Nation's Sustainable Development Goals (SDS), especially Goal 8: «Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all».

In line with these principles, the 2017-2020 Spanish Social Economy Strategy comprises 63 measures across 11 areas aimed at supporting the creation and consolidation of social economy enterprises and generating more and better jobs, drawing on the goal of generating inclusive, decent and stable employment, and including measures that also involve collective

entrepreneurship. The Government of Spain therefore sees supporting the social economy as an opportunity to forge ahead with building a different environment, transforming the way we work and consume, changing how businesses are run, and also sharing the wealth that is generated.

The social economy has long proven it is more competitive when human capital and economic capital are unreservedly coaligned and that the outcome of this strategic alignment is the creation of new pockets of employment when our attention and resources are focused on fulfilling the United Nation's 2030 Agenda for Sustainable Development. This international initiative is echoed in Europe where the social economy is contributing to strengthening the impact of the European Pillar of Social Rights. All of this is being achieved founded on the underlying premise of equal opportunities and access to the labour market for all, with fair working conditions and far reaching social protection systems. Indeed, the European Action Plan for the Social Economy is of special relevance in this regard, which is expected to be unveiled in 2019 and draws on the Sustainable Development Goals.

This action plan, which was signed off at the second annual meeting of the Monitoring Committee of the Luxembourg Declaration on 8 October of last year, will unlock the social economy's full potential to contribute to sustainable and economic growth. This committee (established in December 2015) regularly brings together top-level government officials from a total of 14 European countries including Spain, which will take over the presidency of the committee in 2020. Member countries lead the way in developing policies linked to the social economy and staunchly defend the importance of this economy to European economic and social development. Europe's social economy is made up of 2.8 million social economy organisations and enterprises, employs 13.8 million people and generates 8 % of the EU GDP. The committee's proposals include creating satellite accounts for the social economy, establishing a European social economy platform, and launching a «socially responsible procurement» campaign.

In short, social economy models must encourage national and European policymakers to support entrepreneurship as a formula for creating inclusive employment and a fairer and more equitable and sustainable society. In order to achieve this objective, public policies need to be designed that support creating decent, quality jobs for all and access to the labour market under equal conditions, as well as bolstering the social protection of Europeans, and boosting the quality of services of general interest, echoing the Luxembourg Declaration. We, the Government of Spain, therefore remain undoubtedly and staunchly committed to the social economy, which includes a pledge to those citizens that are experiencing the ill effects of the precarious nature of our job market that this economic model can contribute to effectively combating. Following on from this, we want to send out a clear message about the role of business today and in the future, which must be founded on operating in accordance with the values and principles of the social economy to ensure a better future with economic growth that goes hand in hand with quality employment and the protection of citizens' rights.



THE SOCIAL ECONOMY IN THE EUROPEAN PARLIAMENT

LAPPING THE SHORES OF DEVELOPMENT

Ramón Luis Valcárcel

Vice-president of the European Parliament
and copresident of the Social Economy Inter-group (2014-2019)

Only a year away from local, regional and European elections in Spain, the most pressing issues for our citizens such as terrorism, unemployment and climate change, as per the latest *Eurobarometer* published by the European Parliament, went beyond electoral cycles. Consequently, rather than sitting on our haunches, we have redoubled our efforts to offer solutions ahead of the next term of office.

This same survey reveals that 77 %, 76 % and 75 % of Europeans, respectively, believe Europe needs to play a greater role in tackling the aforementioned issues. It can safely be concluded therefore that far-reaching issues such as these cannot be dealt with by one city, region or even country, rather cooperation is crucial to implementing effective policies at different levels of the bloc's administration.

Another conclusion –which is perhaps not discussed so often– is the direct link between these challenges and economic development. Terrorist attacks, the scourge of unemployment and the dramatic effects of climate change affect the economic activity of all productive sectors in the European Union, especially Spain, in key areas such as tourism and business creation.

Thus, if cross-border issues such as these significantly shape the economic future of a country or even of the European Union as a whole, only cross-cutting policies, i.e. those with an impact within and beyond Spain's borders, will offer robust solutions to properly represent citizens' interests.

In summary, only joined up development policies will pave the way to the reforms which, because of their international scope, will benefit us at a local, regional and national level. This is where the importance of the European Union and its institutions such as the European Parliament I represent lies.

In this respect, the social economy embraces a wide-ranging and inclusive framework of cross-border policies to promote the creation of enterprises with a social leaning in terms of their corporate purpose and how they distribute the wealth they create, with a local impact in our urban and rural areas.

One of the top issues covered during the State of the Union debate led by European Commission President, Jean-Claude Juncker, and chaired by the President of the European Parliament, Antonio Tajani, was the European Union's future relationship with Africa or, to put it another way, with the various politically, geographically and socially diverse African states.

The Commission President proposed an Africa-Europe Alliance for Sustainable Investment and Jobs involving strategic investments, the development of education, strengthening business environments and supporting trade. The High Representative of the European Union for Foreign Affairs and Security Policy, Federica Mogherini, also highlighted that «we are already strong political partners, the next step is to be true economic partners and deepen our trade and investment relationship». Commissioner for International Cooperation and Development, Neven Mimica, meanwhile, underlined the importance of strategic investment on both sides of the Mediterranean.

These public statements offer an insight into the opportunities for the European Union and the African Union and serve to deepen the current relationship between the two blocs.

With that in mind and revisiting the concept of joined up development, the foreseeable Africa-Europe Alliance must form a framework for tackling economic and social development as a whole; in other words, dealing with the numerous variables that will determine its effectiveness, two of which are terrorism and climate change as mentioned beforehand.

Along these lines, as a member of the European Parliament's Social Economy Intergroup, I believe that *Euro-African* policies will benefit from the global approach that the social economy offers Africans and Europeans alike. Moreover, as one of the policies needed to tackle such pressing cross-border issues as immigration, cooperation across the social economy in the Mediterranean Basin –an area spanning the borders of Southern Europe and North Africa– must be encouraged drawing on the positive results of our member states.

We must therefore position ourselves as the Mediterranean Social Economy in order to contribute to the Africa-Europe Alliance for Sustainable Investment and Jobs and, in the medium term, overcome the common challenges such as terrorism, unemployment, climate change and immigration, and to put it another way, strengthen the pillars of economic and social development, which are the cause and consequence of the dilemmas faced in Africa and Europe. The Mediterranean Basin is also a geopolitical linchpin for resolving illegal immigration and human trafficking.

To start, under the 2017-2020 European External Investment Plan the European Union has already mobilised EUR 2.4 billion for joint finance and guarantee mechanisms in Africa out of a total pot of EUR 4.1 billion. This opens up two channels through which we can develop the social economy in the Mediterranean region. First, we must supplement the objectives of current strategic investments to boost the finance available to enterprises in the social economy for what is left of the 2017-2020 budget period.

Second, we must look at current successful social economy projects across Europe, focusing especially on small and medium-sized enterprises with interests in the Mediterranean, i.e. those operating in the Mediterranean Sea and neighbouring countries and active in several member states. In addition, by analysing social economy enterprises that have an impact on the challenges the Mediterranean faces today such as immigration and climate change, we may be able to determine the type of SME that is suitable for replicating in Africa.

This latter point is crucial because we not only have to invest in Africa but also for Africa, taking into account the domestic circumstances and needs of the population in each country involved in this partnership between Africa and Europe. If we do not, the global strategy will be ineffective because how it is implemented on the ground will not fit with the sociocultural and political factors at play in each country.

Here, an exemplary initiative in the area of the Euro-Mediterranean social economy is the *Tawasol* project being run in the region of Murcia in Spain and Eastern Morocco. The aim is to run joint social economy projects between the populations of both regions in the economic, educational and cultural spheres through networking and inclusive economic growth programmes. Fruits of this cooperation include: training champions of micro-enterprises in Morocco; sharing best practices between institutions in both countries; educational-cultural exchanges; education agreements such as the one between Murcia University, the Polytechnic University of Cartagena and the University of Oujda (Morocco); and raising awareness of discriminatory attitudes in compulsory education centres, according to the Cepaim Foundation¹.

Morocco also already has a base of SMEs operating in the social economy which the international cooperation frameworks can build on. According to figures from the Spanish Confederation of Social Economy Enterprises, there are 62,742 institutions, 32,600 jobs and 1,963,850 people active in this sector in Morocco. Projects such as *Tawasol* and initiatives including the partnership agreement² entered into by CEPES, supported by the Spanish Agency for International Development Cooperation (AECID), and the Ministry for Crafts and Social and Solidarity Economy of Morocco, provide a means to furthering cooperation between countries in the Mediterranean Basin.

Another stand-out project is *Flock-Reprod*, being implemented by the Murcia Institute of Farming and Food Research and Development alongside research centres from France, Italy, Greece, Portugal, Romania and Croatia³. This project has enabled goats to be bred during any season of the year. It has also demonstrated that the Murcia-Granada breed of goat has the ideal attributes to be bred without the use of hormones. This example bolsters the position of what is a key sector in the Murcia economy –food and agriculture– in its international campaign to export to African countries. Its current exports total EUR 263 million to Morocco,

¹ The institutions heading up Tawasol are: in the region of Murcia, the General Directorate of Immigration, Development Cooperation and Volunteering, Cartagena City Council and the Cepaim Foundation; and in Eastern Morocco, Association Solidarité et Développement Maroc and L'Entraide National de Maroc.

² «Estadísticas – Marruecos» [Statistics – Morocco], *Spanish Social Economy Employers' Confederation (CEPES)*, available at: https://www.cepes.es/social/estadisticas&ci=internacional_africa (Last accessed: 02/10/2018).

³ «Un Proyecto Europeo Rompe la Estacionalidad de la Cría de la Cabra Murciano Granadina» [European project does away with the seasonality of Murcia-Granada goat breeding], *LA VERDAD*, available at: <https://www.laverdad.es/murcia/v/20131202/region/proyecto-europeo-rompe-estacionalidad-20131202.html> (Last accessed: 03/01/2018).

EUR 134 million to Libya, and EUR 108 million to Algeria, its most important markets⁴. This sector contributes to the development of the social economy.

Whatever the case, joint Africa-Europe development must help grow the small and medium-sized business community. This is one of the building blocks of the social economy, and as indicated in the 2015 report «Universal Commitment to Humane Sustainable Development»⁵ on Spanish cooperation, must contribute to «the creation of new businesses through credit facilities, investments and fiscal stimuli, above all for micro, small and medium-sized enterprises and enterprises in the social economy. Supporting entrepreneurs is crucial to this». The European Investment Bank also emphasised in its 2015 report on Euro-Mediterranean cooperation⁶ the need to boost development through the inclusion of groups excluded by globalisation, territorial impacts in society, local agriculture, economic diversification, generational renewal and participation through shared values.

These guidelines along with other sector policies will add to the cross-cutting impact that economies on both sides of the Mediterranean require, ensuring social development responds to the demands of our citizens.

Here, propelled by the social economy –exemplified by mutual societies, cooperatives, foundations and employee-owned companies– we will be able to achieve a type of growth that is without borders. To achieve this, the member states of the Euro-Mediterranean Social Economy Network (ESMED) (Spain, France, Italy and Portugal) could contribute their experience on Europe-wide cooperation to nurture future cooperation between North African countries ahead of the Africa-Europe partnership. This is because some of this network's objectives can be perfectly replicated on the other side of the Mediterranean, as demonstrated by the priority given by the network to «contribute to the dialogue between social economy organisations in the south of Europe and those in the countries in the Southern Mediterranean Basin, encouraging the establishment of contacts, the interchange of expertise and the channelling of resources to foster the development of this sector in these countries»⁷.

From the European Parliament and working with other EU institutions, I have advocated transferring the European Union's current institutional cooperation to a multilateral framework of strategic associations. President Juncker's proposal forms part of this new approach, through which we intend to replicate the successes in Europe across the globe. And the social economy cannot be an exception.

⁴ «El Info pone en Marcha el Plan África para Aumentar las Exportaciones» [Development Institute launches Africa plan to boost exports], LA VERDAD, available at: <https://www.laverdad.es/murcia/201701/16/info-pone-marcha-plan-20170116010504-v.html> (Last accessed: 03/01/2018).

⁵ Ministry of Foreign Affairs and Cooperation: «Universal Commitment to Humane Sustainable Development: Spanish position for the Post-2015 Development Agenda», *General Secretariat for International Development Cooperation*, 2015.

⁶ Reiffers, Jean-Louis: «Social and Solidarity Economy: a driver for inclusiveness and job creation in the Mediterranean partner countries?», *FEMISE*, European Investment Bank, 2014.

⁷ «Euro-Mediterranean Social Economy Network», *Euro-Mediterranean Social Economy Network Secretariat*, Spanish Social Economy Employers' Confederation (CEPES), 2018.

Thus, the staunch commitment to the European Pillar of Social Rights only serves to strengthen inter-institutional cooperation to construct a framework of rights and guarantees for European citizens that can subsequently be disseminated across member states. The social economy therefore enables us to extrapolate guiding principles in cross-cutting policies for a future Africa-Europe Alliance, drawing on proposals regarding active support for employment, secure and adaptable jobs, fair and competitive wages, social dialogue with workers, and healthier and more sustainable work environments. These principles of the European Pillar of Social Rights in the equal opportunities and access to the labour market dimension provide an inclusive European approach that is extremely similar to that of the social economy. Consequently, as a Euro MP, I am championing the complementary nature of the principles of the Pillar of Social Rights and the proven achievements of social economy projects. In doing so, we can bring to our policies strong ideas based on the shared values that are patent in already successful projects in the Union, building a bridge of opportunities between both shores of the Mediterranean.

The latest data published in the European Economic and Social Committee report on the evolution of the social economy in the European Union⁸, illustrates the impact of the social economy in the EU-28. The European social economy provides 13.6 million jobs, equivalent to about 6.3 % of the working population. The social economy also provides more than 82.8 million volunteers on the one hand, and more than 232 million members of social institutions and over 2.8 million entities and enterprises on the other.

The report cites Spain as an example of the social economy's development in the Mediterranean, highlighting the level of recognition given to the sector, its resilience to the hardest years of the economic crisis and the existence, in 2015 alone, of 22,766 cooperatives providing upwards of 400,000 jobs.

Having painted a picture of this panorama, one can understand the importance the social economy as a complementary policy to the cross-border approach of the Africa-Europe Alliance for Sustainable Investment and Jobs, which if executed effectively, will bring growth and jobs to both sides of the Mediterranean. The design of these policies will need to be honed and periodically reviewed to tailor them to the specific situation in each country, region and local community. It will only be possible to fulfil the social economy's potential by strengthening the business fabric of each country, supporting families as the nucleus of work and ensuring societies are crisis-resilient.

In Europe, this has been and will continue to be my commitment to the social economy.

⁸ Luis Monzón, José Luis and Chaves, Rafael: «Recent evolutions of the Social Economy in the European Union», *International Centre of Research and Information on the Public, Social and Cooperative Economy (CIRIEC)*, European Economic and Social Committee, 2016.



TOWARDS FAIR AND SUSTAINABLE GROWTH

EUROPE SUPPORTS THE SOCIAL ECONOMY

Jyrki Katainen

Vice-president of the European Commission (2014-2019)

Marianne Thyssen

European Commissioner for Employment, Social Affairs, Skills and Labour Mobility (2014-2019)

Elżbieta Bieńkowska

European Commissioner for Internal Market, Industry, Entrepreneurship and SMEs (2014-2019)

The European social model is unique in the world. Already sixty years ago we put a social seal on Europe by inscribing the social market economy in the Treaty of Rome. For the most part, our citizens enjoy high living standards, good social protection and opportunities to participate in the economy and in society. Part of this positive European reality is driven by the social economy and social enterprises. They are important for job creation, inclusiveness, social innovation and civic participation. That's why this Commission is doing its part to create favourable conditions for the social economy and social enterprises to flourish.

Today, growth and jobs are back in Europe. Around 12 million new jobs have been created since the Juncker Commission took office in 2014, and the economy has grown for 21 consecutive quarters. At the same time too many families still live in poverty, too many young people face difficulties to realise their potential on the job market, and the divergences between Member States are still high. The responsibility of policy makers today is not only to take care of jobs and growth, but also to ensure that the benefits of growth bring real wealth and well-being to citizens, in all corners of Europe and in a sustainable manner. Trust can only be built by policies that deliver fair results. This is the logic behind the European Pillar of Social Rights, which the Commission proclaimed together with the European Parliament and the Council at the Social Summit in 2017. The Pillar is our compass for upwards social convergence in Europe. It helps to steer our actions at EU level and in the Member States.

Against this background, we support concrete action to boost the development of social economy and social enterprises in five areas. First of all, boosting access to finance. Secondly, improving access to markets. Thirdly, strengthening regulatory frameworks. Fourthly, facilitating the take-up of new technologies and the use of new business models. And last but not least, supporting social economy development internationally.

All this requires investment. The Pillar has guided the Commission's proposals for the future European Social Fund Plus (ESF+), with a budget of over 101 billion EUR so that we can continue to invest in people. We have also proposed a specific «Social investment and

Skills» window with a budget of 4 billion EUR within the future InvestEU programme, with the goal to crowd-in significant amounts of other private and public financiers. This should boost investments in human capital through education and training, microfinance, social enterprise finance and new social economy business models. Our aim is to mobilise the collective power of public, private and philanthropic sectors to develop the social market value chain and build a more resilient Union.

We are building on our pioneering experience in launching guarantee schemes for social enterprise finance and microfinance schemes. By autumn 2018 already 150 million EUR guarantees have been mobilised, translating into close to 2 billion EUR loans to end beneficiaries. We have also launched a set of innovative social impact instruments to support investments in social incubation and acceleration vehicles, as well as co-investments with social business angels and funds. And we are in close dialogue with foundations and other philanthropic organisations to harness the potential of strategic grant-making. Together, these actions can nurture the European social finance ecosystem and prompt even more impact-oriented investments with positive results.

An important aspect of internal markets like the European one is public procurement. By using public procurement strategically, authorities can increase market opportunities for social economy and social enterprises. However, many authorities lack the knowledge and capacity needed to do so. The Commission has launched various projects to raise the awareness of and train both public procurement practitioners and social economy stakeholders.

On private markets, too, there are vast opportunities for the social economy and social enterprises to develop their businesses in partnership with other type of companies in Europe. We have carried out a large Europe-wide study on this type of partnership in Europe and the preliminary findings have been shared with stakeholders earlier in 2018.

There are also other concrete tools that focus specifically on the social innovation aspect. Every year the European Social Innovation Competition mobilizes social innovators and entrepreneurs to tackle key societal challenges with innovative solutions. In 2018 over 700 proposals were submitted focusing on local, «place based» issues. The winners get European wide visibility and support to scale-up their initiatives. We also make it possible for actors to connect online through the European Social Challenges Innovation Platform to bring together those who need solutions for concrete societal problems.

The social economy and social enterprises are not identical across Europe. In some countries, there is a long tradition and a well-established legal and institutional framework. In others, it is less developed.

The European Commission supports national, regional and local authorities and facilitates mutual learning. With our campaign «European Social Economy Regions», we have mobilised regions to debate the potential and prospects of social economy in their own context. Another measure is the brand new «Better Entrepreneurship Policy» tool developed jointly by the

Commission and the OECD, enabling regions, cities or countries to run a quick self-assessment of their entrepreneurship policies, and to see what their key areas for improvement are.

Our European experience can be a source of inspiration for many others. This publication contributes to such an exchange of experience in the Mediterranean context. We hope it will provide food for thought and help our partners to build policies and actions. This in turn should help social economy and social enterprises to develop and flourish. By doing so, it is a step in the right direction towards more inclusive, fair, innovative and sustainable societies and economies.



SOCIAL ECONOMY

A GENUINE PARTNER OF THE EUROPEAN SOCIAL MODEL IN NEED OF AN EU ACTION PLAN

Luca Jahier

President of the European Economic and Social Committee

Ariane Rodert

President of the Section for the Single Market, Production and Consumption of the EESC

At the end of September 2018, a Spanish social economy enterprise received a loan from the European Investment Bank, under the so-called Juncker plan.

The decision did not make headline news, but it was ground-breaking as it set a precedent being the first time that funding earmarked for the European Fund for Strategic Investments was given to a social economy project with the aim to create jobs for people with disabilities and investing in improving energy efficiency.

The €35 million financing to ILUNION shows once more that doing good and running a successful business are perfectly compatible. The loan will probably be the first of a series, as the EU will seek to deliver on the European Pillar of social rights. But as we move forward in search of alternative economic models we should continue to nurture the social economy, which is at the core of our own European social model.

At the European Economic and Social Committee, we support the need to recognise and promote the full diversity and plurality of business and enterprise models which jointly make up the single market. Of these the EESC has in particular stressed the contributions of the social economy as a key feature of the European social model. Therefore, we have long campaigned for a European Action Plan for the Social Economy. Indeed, we believe that without the creation of a proper ecosystem, which will allow those enterprises to thrive, we risk clipping the wings of a promising sector and fail to unleash its potential.

Throughout the recent crisis, social economy enterprises have proven to be very resilient and able to face the adversity against all odds. On the contrary, these enterprises have created jobs while sticking to their core business: serve the public and their members without seeking to obtain a return on investment as the traditional mainstream capital companies do.

Today, there are 2'8 million social economy enterprises in Europe, representing 10 % of all businesses in the EU. More than 13'6 million people—about 6.3 % of the EU's employees—work for social economy enterprises. This is not negligible. Some of these organisations have been

instrumental in solving some of the challenges Europe is facing, such as the social integration of migrants for example. Providing health assistance, housing, training, and education, as well as work and active inclusion programmes they have allowed migrants to find a decent future.

Even though social economy enterprises have different legal forms and various sectors in society ranging from agriculture and banking to provision of employment and sheltered workshops, they all have a common thread: functioning on the basis of the principle of solidarity and mutuality.

Through their service provision activities, they have a specific role to play as an integral part of the European social model. As such, they promote the principles of high quality, safety and reasonable prices, equal treatment, universal access and users' rights.

In many cases, they have managed to step up women's participation in the labour market, both by involving them directly in their activities and/or by setting up new services for children and families. They have also helped to create jobs for disadvantaged people, focusing particularly on people who may be in danger of serious social exclusion, such as people with disabilities or those suffering from mental distress or alcohol or drug addictions.

SEEs have recently been particularly highlighted since they provide an interesting solution by creating dual value creation; socially through their activities (social cohesion or inclusion) and economically (through trading, business creation and providing employment). It is a sector which is able to combine profitability with social inclusion and democratic systems of governance, working alongside the public and private sectors in matching services to needs. Nonetheless, much still needs to be done in increasing understanding, in raising awareness on its contributions to European values, cohesion and democracy.

With their internal democratic structure based on a participatory management model, social economy enterprises have a capacity to generate wealth which is not confined to financial capital but embraces also and mainly social capital. Democratic governance is one of the foundations of the social economy. In line with the «one person-one vote» principle, active participation in the decision-making is not dependent on capital ownership. Democratic management can be direct or representative depending on the type of social economy organisation. It encourages the involvement of everyone and guarantees both the independence and autonomy of its enterprises.

The will to promote economic democracy compels the social economy to develop robust strategies of «empowerment» (training, educating, informing, in transparency, and focusing on capacity and skill-building...). As a means to practise true democracy, to efficiently manage an enterprise and an objective to make the individual master of his/her destiny, empowerment is a powerful instrument to boost social progress.

Social economy is often brings a strong element of social innovation, making important contribution to society in a changing economy and labour market. Social economy enterprises often stem from, or a linked to a civil society initiative. Through innovation social economy

have contributed to significant systemic changes in society such as the creation of childcare, hospitals, promotion of personal autonomy and independent living of the elderly and people with disabilities, work-life balance, work integration and (social) housing, as well as numerous scientific discoveries or inventions. Centred on a specific user group, an unmet need in society or filling a gap, social economy enterprises experiment and innovate solutions while engaging in economic activity. Since the social mission is the primary purpose, they reinvest profits to deliver social mission and impact. Since these enterprises are rooted in the local communities as their priority aims are to meet people's needs, they are flexible and often innovative, generating solutions which can be inspiring and replicated across member states. A specific feature is that they rarely relocate, effectively combating the depopulation of rural areas and contributing to the development of disadvantaged regions and municipalities.

The benefits are manifold. With that in mind it is clear that the European Commission must give priority to this form of enterprise when shaping EU policies and programming EU funding, particularly to the delivery of the European Pillar of social rights, as stressed at the European summit on 17 November 2017 in Gothenburg.

The increasing EU assistance provided to the social economy by the European Social Fund (ESF) is a welcomed step. Over the last few years, successive Presidencies of the Council of the EU have prioritised the social economy.

Nonetheless, that is not enough and much more still needs to be done, including in raising the visibility and recognition of the sector. And in particular realising and recognising the specificities of its business model, and why mainstream support systems developed from the commercial company's logic doesn't fit.

A step in the right direction would be making progress towards developing systematic statistics for the different social economy groups and in including the social economy in the national statistical accounts. That would provide the social economy the credit it deserves.

But what would really boost the prospects of development would be paving the way for the rolling out a proper ecosystem. Recently, on 23 May 2017, 11 government representatives from EU member countries signed the «Madrid Declaration», calling for a European action plan to boost the social economy in Europe.

Economic actors, such as business and consumers, are key in driving this process. Local, regional and national authorities are enablers too, but the EU also has a fundamental role to play in supporting it. The aim is to ensure that the right regulatory framework is in place for the development of the social economy in the single market, and to give clear signals to economic operators and society at large.

We should not reinvent the wheel. Models like the action plan for the circular economy already exist.

The circular economy and the social economy meet at numerous major points. Both models place individuals and sustainable development at the centre of their concerns. In the

circular economy, as in the social economy, a key factor of its success consists in strengthening creative and innovative capacity at local level, where relations of proximity constitute a decisive component. In other words, values and principles of the cooperative movement and the social economy, such as links with the local area, inter-cooperation, or solidarity, are decisive pillars for guaranteeing sustainable development processes in their triple dimension: environmental, economic and social.

It is no coincidence that in Europe, the social economy was a pioneer of the circular economy in reusing and recycling waste, in energy and in agriculture.

Cooperative platforms in the collaborative economy sphere are well-known examples of initiatives that helped to preserve and improve natural capital, optimise the use of resources and foster system efficiency.

The European Commission itself, in its EU action plan for the circular economy, recognised that social economy enterprises will make «a key contribution to the circular economy».

It is therefore clear that a proper framework would be beneficial for the sector, which at the moment is hampered by an uneven development across the EU.

Indeed, the concept of the social economy is widely recognized in Spain as well as in France, Belgium or Luxembourg, and as a result has a substantial impact on employment in these countries. For instance, this sector in Belgium, Italy, Luxembourg, France or the Netherlands accounts for 9 to 10 % of total employment. Meanwhile, in the new EU Member States, the social economy remains a small and relatively weak sector, employing only fewer than 2 % of the working population.

Over the past seven years, most European countries have paid attention to law-making concerning the social economy. Specific laws on the social economy have passed at national level in Spain (2011), Greece (2011 and 2016), Portugal (2013), France (2014), Romania (2016), Italy (2017) and at regional level in Belgium (Wallonia, Brussels and Flanders) and in Spain (Galicia).

Regulating the social economy with new legal forms does not in itself constitute an advance in fostering the social economy that goes beyond its institutional recognition. Rather, national and regional action plans are key policies to boost the social economy.

They constitute major agreements between different actors, mainly between the government and the social economy / third sector representatives, but also including trade unions, universities and others, with the aim of improving their mutual relationship for mutual advantage over a long-term period. They include generally stable funding frameworks, participative and consultative schemes, strategic fields to develop and improvements in relationships and societal change.

The sector is a winner-in-the-making. If during the past ten years, the number of jobs in this sector has increased by 40 % throughout Europe, becoming a significant element for growth in the EU, there is ground to believe that the future will be brighter.

It is unequivocal that the social economy embodies the essence of the values on which the European Union was built (Article 3 TEU). It is both an opportunity and a vehicle for citizen participation, responsibility and ownership of our sustainable future. It constitutes a far-reaching instrument to enable the EU to move closer to its commitments under the UN 2030 Agenda on Sustainable Development.

The European Commission should take note to rise to the challenge of building a resilient European social model for the next generations. The social economy can be a catalyst for this, contributing to tackling the complex societal challenges we are facing. Through its activities it searches for solutions, contributes to growth and jobs while promoting fundamental rights and European democratic values. With a clear political will and ownership coupled with a tailored action plan we can unleash the full potential of the social economy sector for the benefit of people in Europe and society at large.



THE SOCIAL ECONOMY PRESENT AND FUTURE DEVELOPMENT

Teodoro García Egea

PhD in Telecommunications Engineering and Secretary-General of the Spanish People's Party

What we today know as the social economy enjoys a long tradition in Spain. Fishermen's guilds, cooperatives, mutual societies and employee-owned enterprises have existed in this country for decades, and in some cases for more than a century. Mutual societies, for example, evolved from the relief societies that emerged in the nineteenth century and that were themselves the successors of ancient guilds.

With this, I would like to point out that the roots of the social economy run very deep in Spain. Social economy enterprises have developed parallel to stock companies and have succeeded in consolidating their position in the Spanish economy. In Law 5/2011 of Social Economy, this long tradition was reflected in a legal text, thus strengthening a framework that gives legal status to all the entities that make up the social economy.

Among these efforts to defend and promote the activity of social economy enterprises, I would like to stress the endeavours of the Spanish Confederation of Social Economy Enterprises (CEPES). Since its inception in 1992, CEPES has stood out as the leading organisation representing the interests of social economy enterprises. The 43,435 enterprises that CEPES represents through its more than 200 regional support structures bear witness to its role.

And, if I may, I would like to stress the work of CEPES president, Juan Antonio Pedreño. Juan Antonio has succeeded in giving voice to social economy enterprises not only in Spain, but throughout Europe, by chairing Social Economy Europe (SEE), the most important social economy representative organisation on the Continent. For me, it is an honour that a fellow Murcian should exercise such high responsibilities for both Spain and Europe.

Moreover, it is only fair to recognise the merits of all those who have made it possible for the social economy in Spain to be such a well-established reality. It is also important, however, to note that, despite the attempts of those who assail economic freedom, the social economy is not at odds with liberalism. Indeed, the opposite is true: what we today call the social economy can bear fruit only within a context of economic freedom. In practice, dirigisme reduces opportunities to create an economic segment in which decisions are taken more on the

basis of the personal contributions of labour and services performed for an entity, or on the basis of social purpose, than on the basis of the contributions of labour and service to capital.

For this reason, I am pleased to have the opportunity to express a few words, and I thank the directors of this publication for having extended an invitation to me. When we speak of the social economy, we must avoid altering its nature with a view to propping up certain ideological currents. The social economy has succeeded in taking root and developing in Spain because it has stood apart from partisan wrangling. And I believe that this should continue. I thus believe that all attempts to capitalise on what are, in the end, the endeavours of entrepreneurs and workers to make the economy more humane should be answered with a single word: freedom.

We put that freedom into practice in 2015, when the then-ruling People's Party gave impetus to the Programme to Develop and Promote the Social Economy. This programme was an unprecedented success and it is in part thanks to it that we can now congratulate ourselves on the following statistics: the social economy employs more than 2 million persons and accounts for 10 % of GDP; and the jobs it generates are jobs without discrimination, are held mostly by young people (two out of three employees in the sector have not yet turned 40) and are stable (80 % of contracts are indefinite-term contracts). At the Europe-wide level, the numbers are also positive: 2 million social economy enterprises employ more than 14.5 million persons, accounting for 8 % of GDP in the European Union.

In 2015, Spain, along with France, Italy, Luxembourg, Slovakia and Slovenia, signed the Declaration of Luxembourg. A year later, they signed the Declaration of Bratislava, and in 2017, the Declaration of Madrid. In Luxembourg, we undertook to create a broader system for social economy enterprises. In Bratislava, Spain went beyond that commitment, bringing about the creation of the European Action Plan for the Social Economy. And in Madrid, we vowed to support social entrepreneurship. All of this occurred during the years of People's Party rule.

However, beyond these initiatives specifically focusing on the social economy, we must stress that the Spanish economy is a whole and cannot be split up into rival segments, such as that of the social economy or of the capital-based economy. The social economy sector will benefit from the implementation of orthodox economic policies, as will all of the other sectors of the Spanish economy. Which is another way of saying that the best recipe we can offer the social economy is a consistent economic policy that benefits us all.

And it is precisely with this idea in mind that I would like to close my remarks. The commitment of the People's Party to the reforms that the Spanish economy needs is clear. When we speak of a «tax revolution», we are referring to lowering the individual income tax and the corporate income tax, and, as well, to eliminating the tax on wealth, estates and donations. Alleviating the heavy tax burden on the Spanish economy will benefit us all, including social economy enterprises.

This tax revolution will be accompanied by an easing of economic restrictions and a reduction of the public deficit and public debt. In addition, we will list social contributions on

workers' payroll records so that they know how much they pay and the government is required to more clearly explain how it uses everyone's money.

In sum, more economic freedom, more orthodoxy in managing State accounts, a lighter tax burden and all of this, clearly, to the benefit of a larger social economy.



PROMOTING SOCIAL ECONOMY THROUGH THE UNION FOR THE MEDITERRANEAN

Nasser Kamel

Secretary General of the Union for the Mediterranean (UfM)

In his opus magnum, *The Wealth of Nations*, Adam Smith held that «it is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self-interest». It is exactly this drive that, for millennia, has created value in an economically functional context with the society at large in mind.

A hundred-and-fifty years following the celebration of the *Rochdale Principles* in the context of a deepening social deficit resulting from a lack of equitable redistribution of wealth, the world is a different place and the economic realities are much more complicated. Old economic blocks and post-colonial bazaars have dissolved and new alliances have been forged at an accelerating rhythm befitting Zigmunt Bauman's description of the *Liquid Modernity*, but one thing still holds true: Social Economy remains to be not only a responsible way of addressing various socio-economic and environmental needs, but also a smart and resilient mode of operating across a full spectrum of economic sectors.

Social and Solidarity Economy is perfectly aligned with global goals expressed in the 2030 Agenda for Sustainable Development, as it presents a tried-and-proven mechanism of addressing several Sustainable Development Goals (SDG). These include specific goals targeting poverty reduction, food security, healthy lives, women's empowerment, affordable and sustainable energy, employment generation, forest protection, and sustainable cities and human settlements. Moreover, social innovation keeps on devising new mechanisms and methods to tackle these challenges in new ways that leave no one behind, especially those at the lowermost rung of the social ladder.

While the Social Economy principles of *people-over-profit*, participatory management, democratic governance and social responsibility are not nascent notions, a new calibration of their potential for a deepened socio-economic integration in the Euro- Mediterranean region might hold the key for unlocking a transformative and sustainable positive change that transcends the traditional cooperation modalities and the conventional development pathways.

In the UfM Roadmap adopted by the 43 Member States of the Union for the Mediterranean in the year 2017, the UfM Ministers referred to inclusive growth and called for «a new

regional initiative on social entrepreneurship» to be developed. Pooling on its political leverage, its extended ecosystem, its expertise in development cooperation and its network of financial partners, the UfM Secretariat is perfectly equipped to help social enterprises tackle the regional challenges and the bottlenecks related to legislation, limited access to finance, difficulty of building business linkages and low recognition by local communities, among others.

Within the UfM Secretariat's efforts to promote job creation and create sustainable employment and in an attempt to foster regional stability and human development, the Secretariat has three main lines of action towards embracing Social Economy and supporting Social Enterprises and Entrepreneurs in the region. True to its *modus operandi* which emphasizes Policy Dialogue, Regional Platform activity and concrete Projects, the three lines of action are:

First: Facilitating and enhancing regional policy dialogue among relevant actors through a series of meetings and conferences with a view to contributing to the creation of a favorable and conducive business environment for Social Entrepreneurs. Such meetings intend to present policy recommendations for regulatory framework reforms, further development of microfinance options, scaling up and replicating successful projects, placing social enterprises on the investment map, etc.

Second: Considering to build a portfolio of meaningful Social Economy projects that contribute directly to social inclusion and job creation, creating jobs for youth and women and alleviating poverty in rural areas and for marginalized communities. Ecological considerations are always a precondition in this kind of projects;

Third: Collaborating with the main interlocutors already active in the field on both shores of the Mediterranean and bringing in other potential actors through the UfM Secretariat's pragmatic multi-stakeholders approach.

Inclusive and sustainable growth, promoting entrepreneurship and job creation are all priority areas of activity for the UfM Secretariat, all directly encompassed by Social Economy. The Declaration of the UfM Ministerial Conference on Employment and Labour held on 27 September 2016 called for «harnessing the untapped job creation potential of the social economy and social entrepreneurship through relevant legislation and incentives». Ever since, the UfM Secretariat has progressively brought Social Economy to the stage of its activities. In 2017, Social Economy as an emerging strategic sector for inclusive growth and employability in the Euro-Med region was discussed during the Fourth UfM Med4Jobs Advisory Board Meeting.

In addition, the UfM Experts Technical Meeting on Industrial Cooperation held at the UfMS in October 2017 dedicated a full chapter to discussing the promotion of enabling policies for Social Economy, and the «SME MED Network Workshop» co-organized by the UfMS and the *Micro, petita i mitjana empresa de Catalunya* (PIMEC) in November 2017 brought together different stakeholders to discuss challenges and best practices related to the Private Sector and the Social Economy.

In 2018, the UfM Secretariat participated in the first event dedicated to boosting Social Economy in the Balkans, organized on 7 March 2018 in Maribor (Slovenia), being the European Capital of Social Economy, and has been engaging with other organizations and frameworks already active in the field of Social Economy in order to take stock of the efforts underway, the synergies that can be built and the actions that can be taken to support Social Enterprises in the region.

Having already advanced its engagement with the Private Sector at different levels over the past few years, the time has come for the *Third Sector* to receive its fair share of the UfM Secretariat's attention and to feature more frequently on its development agenda for the Euro-Mediterranean region.



JOB CREATION BY THE SOCIAL ECONOMY

A SHARED PRIORITY ON THE NORTHERN AND SOUTHERN SHORES OF THE MEDITERRANEAN

Nicolas Schmit

Commissioner for Jobs and former Luxembourg Minister for Labour, Employment and Social and Solidarity Economy (2013-2019)

Job creation is a significant challenge in the north and the south of the Mediterranean. High youth unemployment in most of these countries is concerning since it causes considerable economic loss, contributes to social disintegration and is a threat to political stability.

Tunisia enjoyed exemplary political change driven by young people seeking to build a better future. That hope, which is now fading in most places, must not be abandoned.

Investing in young people remains the best of all investments and involves all Mediterranean countries and Europe as a whole. When one young person in four has no job, education or training, it becomes essential. When young graduates in the Maghreb and in the countries on the northern shore of the Mediterranean have no quality job prospects at all, the issue becomes a political imperative.

Unless we face up to this economic and social imbalance affecting millions of our young people, we will be putting the democratic process, migrant flows and the security of Europe itself at great risk.

We are also in the midst of deep changes to our economies, to work and to the environment. These changes also affect the countries of the Mediterranean in many ways. New digital technologies will impact trade and types of expertise, which must adapt to global value chains. Skill requirements are changing, meaning that more effective types of teaching and professional training are needed for a more effective response. The employability of young people is now a priority.

Climate change requires environmental transition, which can only be achieved if substantial investment is made in clean technologies, renewable energy sources and the circular economy. This could create many new jobs so long as there is funding in place to enable young people to obtain the requisite qualifications.

In recent years job insecurity in Spain, Greece, Italy, etc. and in the Maghreb countries has risen sharply. Social cohesion cannot be improved if young people do not have secure

jobs. We therefore need more sustainable solutions. Technological innovation must go hand in hand with social innovation and investment.

While teaching and professional training need to become more effective everywhere, we must also encourage the hiring of young people and the creation of new companies in particular. Entrepreneurship needs more active support. Although efficient public services are essential, on their own they cannot absorb all the young people who come onto the jobs market each year. Company creation is crucial to the fight against unemployment (especially amongst youth). New technologies can help by improving the response to domestic needs and also with foreign trade through better and increasingly sophisticated technological integration with global value chains. Many digital-related services can be delocalised, even to remote locations. Support is clearly needed for the development of full business ecosystems through the dissemination of knowledge, an area where north/south partnerships (including financing) are vital. The European Investment Bank has already made a significant contribution in this direction but more needs to be done.

Entrepreneurship of course encompasses companies in the social and solidarity economy, which meets real needs and sustainable development objectives. They offer a more stable economic model for business less focused on casualisation of work and maximization of profit. The fight against unemployment becomes sustainable when it focuses on quality jobs and decent work.

Local roots are also of fundamental importance. The social and solidarity economy goes beyond the social sector. In its 2015 report (*Investing in Youth: Tunisia*) the OECD recommends 'providing appropriate support for social entrepreneurship to stimulate job creation in the fields of waste recycling and local energy production'. The social and solidarity economy can also help modernise agriculture by creating jobs while at the same time ensuring decent work is offered.

The social and solidarity economy can be a key driver of more inclusive new growth that also translates into a general improvement in wellbeing and a reduction in poverty, which is tending to rise.

The social economy's local roots develop spontaneously and they, together with the potential for international collaboration offered by the social economy itself, can generate great opportunities, in part because of the international challenges involved.

In recent years EU Member States have helped develop the social economy concept in Europe. This has achieved a more solid basis since the conferences in Strasbourg and the conference in Rome, thanks to Council conclusions that were given a form of political acceptance by the twenty-eight Member States. This has put the social economy on the European agenda and progress has been made. With awareness has come action and a steering committee of Member States, a group created on the basis of the Luxembourg declaration, showing how States that have an awareness of the social economy can both drive institutions and work together to develop the social economy at the European and international levels. The steering

committee currently has 14 members that meet regularly to consider how the social economy can be promoted within Europe and beyond.

The actions of Morocco and Tunisia with regard to the social economy are extremely important within North Africa. New partnerships are needed between social and solidarity economy stakeholders. The network linking the two sides of the Mediterranean can facilitate the creation of new businesses and help bring the most vulnerable segments of society, such as women, into the work world.

We must realise that the future of Europe lies in a new type of co-operation with Africa. We share a great responsibility with our African partners and the social economy can be a strong link between our societies, with which the social economy has strong ties.

It is precisely for this reason that when Luxembourg chaired the Council of the European Union in 2015 it acted in close collaboration with Algeria, Morocco and Tunisia to launch an initiative for youth employment through professional training and skill-building in the Maghreb countries. This aims to improve the quality and relevance of the training and skills given to occupational trainees in the Maghreb countries and to make job training more attractive to young people and their families. It is helping the changeover from traditional co-operation to the north/south co-production framework. This is now being developed and was presented by Prof. Reiffers at a recent meeting in Tunis «The social and solidarity economy in Tunisia: time for action». It also offers a means of improving the integration of SMEs, including those in the social and solidarity economy, by upgrading them thanks to the sharing by companies on the northern and southern shores of the Mediterranean of their knowhow and the value chain.

In November 2017 a major conference was held on the social economy in Casablanca with a joint declaration by Morocco, Senegal and Ivory Coast, and in October 2018 an international meeting took place in Tunis. The common values and concerns aired at these major events indicate the interest that exists within Europe and Africa in the creation and promotion of a new form of co-operation and trade via the social economy.

The new form of co-operation can be effectively realised as soon as we are able to work together with the international institutions.

I must here point out the commitment of the International Labour Organization, which has developed thinking on the social economy, and through its Academy offers a meeting place that puts strong emphasis on the 'lab' concept and on a discussion platform.

The European Investment Bank has made promoting the social economy one of its key financing focuses and has clearly positioned itself in favour of investment in the social economy.

Finally, several networks, including the Euro-Mediterranean Social Economy Network (ESMED), are actively engaged in promoting co-operation and dialogue between social economy companies and bodies in the north and the south of the Mediterranean.

The social and solidarity economy lies at the heart of solutions that aim to promote employment in the Mediterranean area. It is now time to work even more closely together to develop a genuine common strategy.



A NEW GLOBAL ECONOMY FOR SUSTAINABLE DEVELOPMENT

Ariel Enrique Guarco

President of the International Cooperative Alliance (ICA)

Cooperatives are fruit of the joint efforts of men and women who voluntarily, independently and democratically choose to fulfil their own shared needs and aspirations. These clearly local origins have never hindered tackling global challenges.

Since its beginnings, Cooperatives have played a role in transforming society and has accepted the need to have a voice on the international stage. The fact the International Cooperative Alliance was founded in 1895 says it all.

Its vast experience shows that sustainable local solutions cannot be found without an international climate that supports them, while global solutions are not possible if they are not inspired by the values of responsibility, inclusion and the involvement of local communities.

Given this history and commitment, the Alliance has given great thought in recent years to its role in tackling the challenge faced by humanity: climate change, and the need to build a new world economy that fosters sustainable development and peace.

Today there is a need to change the path of the predominant production and consumption models that are causing climate change.

We must start with the accepted diagnosis within the framework of the United Nations, such as in the Paris Agreement (United Nations Framework Convention on Climate Change) and the 2030 Agenda for Sustainable Development approved by the United Nations General Assembly.

As this latter document says: «Climate change is one of the greatest challenges of our time and its adverse impacts undermine the ability of all countries to achieve sustainable development. The survival of many societies, and of the biological support systems of the planet, is at risk».

Unfortunately, efforts since these agreements were signed in 2015 have not been enough. The latest UN Environment Emissions Gap Report warns that the pledges given by governments to date will only lead to a third of the emissions cuts needed to comply with climate goals being achieved. This puts the lives of hundreds of millions of people at risk.

It is not only a threat in the medium term but is already having an impact on humanity, especially the most vulnerable sectors of the population. According to the latest FAO report entitled «The state of food security and nutrition in the world», the number of undernourished people is estimated to have increased for the third year running: 821 million people suffer from hunger. We have gone back to levels seen 10 years ago.

Part of this setback is due to climate change. In 2017, 51 countries experienced food crises, thirty-four of which were due to the climate crisis, says the FAO. The number of disasters related with climate extremes has doubled since the start of the 1990s.

We can only tackle this global problem if we are able to strengthen international cooperation and build a planet-wide strategy that involves everybody and leaves no-one behind, as proposed in the 2030 Agenda.

The 70th anniversary of the Universal Declaration on Human Rights took place on 10 December 2018, a declaration that was signed by nations around the world when two world wars taught us that civilisation could self-destruct if we did not nurture dialogue and cooperation.

Today, we have come to the same crossroads. The trade war, competition for control over natural resources, and development that is solely governed by the ebbs and flows of economic power will lead us to self-destruction by ignoring the limits that nature is imposing upon us.

The agenda of the cooperatives is therefore to work to fully honour the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and fundamentally, the 2030 Agenda for Sustainable Development.

We are, however, facing a terrible paradox. At a time when international cooperation is needed more than ever, when the planet is sending us signs that there are global problems we must all solve together, it seems there is a growing lack of confidence in this path of dialogue and reciprocal commitment to a common goal.

We are witnessing with concern the rising swell of xenophobic messages, a weakening of the various spaces for regional and sub-regional integration, barriers to dialogue caused by explicit declarations of a trade war, the building of walls that merely demonstrate the limitations to finding global answers to shared problems.

The source of this growing lack of faith in international cooperation mechanisms lies in the characteristics of economic globalisation.

Our communities feel defenceless against globalisation dominated by the concentration of capital among the few with no sense of obligation to a specific geographical area.

In the face of this sensation of helplessness among people around the world, we have the option of isolating ourselves or we can try to find a new form of globalisation that builds on local community participation and is primarily focused on fulfilment of sustainable development goals.

This is the role cooperatives must play alongside other actors in the social economy: building an economy with roots firmly embedded in each of our lands.

This involves collaborating with governments and international organisations starting from two premises: the need to promote business models that are compatible with sustainable development, and sharp criticism of the real economy's current subordination at the hands of global financial speculation.

With regard to the first point, not all business models are equal when it comes to building an economy that supports sustainable development.

A ground-breaking vision must be promoted, in this aspect, that of the 2030 Agenda, which appears to put all business models on the same level, and we must draw on the report presented by the United Nations Secretary-General in December 2017 entitled «Cooperatives in Social Development» which states that: «Cooperative enterprises are in a unique position to help promote the 2030 Agenda. They are natural vehicles to deliver the collaborative partnership and the people-centric and integrated approach required to attain the 17 Sustainable Development Goals. As values-driven and principles-based enterprises, they work towards the well-being of all their members and focus on the development of the communities in which they operate. It is inherent among them to safeguard community relations, enhance local resources, advocate social responsibility and adopt sustainable and long-term business practices».

From this viewpoint, the cooperative movement must put itself forward as a leading stakeholder that is given priority in the framework of the partnership for sustainable development proposed in Goal 17 of the 2030 Agenda. This goal is crucial because none of the preceding 16 goals would be achievable without fostering a strategic partnership between public and private players that is in a position to accelerate the joint effort needed.

As well as an agreement on the need for business models that allow for sustainable development, work is required to garner consensus on the requirement to change the rules of play of the international financial system. It is impossible to move towards sustainable development if the real economy in each of our countries and communities is subordinate to international speculative capital.

This, once again, was stated and agreed within the framework of the United Nation's General Assembly as a result of work carried out by the so-called Stiglitz Commission and later published in the document entitled «Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development» (A/Res/63/303).

The contradictions of the global architecture of the financial system and the demands of the IMF on countries in debt crises are huge, according to the findings of this document approved by the United Nation's General Assembly. If these contradictions are not resolved, it is extremely difficult for businesses to work towards sustainable development and, even more serious, rebuild the huge mistrust among people of anything related with the international bodies that should be leading efforts to reach the sustainable development goals.

This was made extremely clear in the document entitled «Economic and Financial Issues» published by the Vatican in January 2018, in which it stated that: «The recent financial crisis might have provided the occasion to develop a new economy, more attentive to ethical principles, and a new regulation of financial activities that would neutralise predatory and speculative tendencies and acknowledge the value of the actual economy». Although it pointed out that: «... there does not seem to be any inclination to rethink the obsolete criteria that continue to govern the world».

This strategy of cooperation with governments and organisations that are committed to promoting social economy business models must be accompanied by a strengthening of those bodies that focus on integration. In terms of the International Cooperative Alliance, this translates into the need to bolster cooperative integration at the national, regional, sectoral and global level.

Our role cannot be limited to merely taking governments to task. A new business network based around cooperatives and the social economy needs to be built that is capable of providing material support for a new global economy. This can only be achieved by enterprises with local roots but a global reach through integration strategies.

We must demonstrate that we are much more than just organisations that volunteer their time to achieve sustainability: we are enterprises with an alternative model, which has proven to be able to build an economy founded on local interests and with worldwide influence.

Our positive outlook regarding this endeavour stems from the fact that numerous sectors of society are now aware of the need to change how we produce and consume, resulting in the emergence of a wide range of social initiatives that are searching for new paths and alternatives.

These include: environmental movements; new local production and consumption networks; new municipalism; new healthy eating initiatives that abandon the habits of consuming uniform, ultra-processed foods so encouraged by multinationals; initiatives coming out of sectors of society that have been affected by the delocalisation of industrial plants; everyone who is working to develop renewable energies; waste recycling; the building of habitats based on sustainable criteria; as well as the movement defending women's rights and calling on companies to establish equal working conditions for both genders.

As a movement that spawned from concerns in the 19th century about business models that led to social exclusion through the industrial revolution, the cooperative movement must stand shoulder to shoulder with these more dynamic sectors that are more driven to achieve the political, social, economic and cultural change needed to overcome the challenge of the 21st century: curbing climate change by building a new bottom-up global economy that is committed to sustainable development.

There is a plethora of business models in every country and sector that, guided by co-operative values and principles, demonstrate democracy is capable of building an economy.

This is the crux of the matter: returning the economy to the hands of those who work, consume, produce and save in each local community, so that this economy with roots, values and principles can form the foundations of sustainable development.



THE SOCIAL ECONOMY

AN ALLY IN THE SOCIALLY JUST RECOVERY

Fátima Báñez

Former member of the Spanish Parliament
and former Minister of Employment and Social Security (2012-2018)

There have always been great people behind great changes in the past. Equally, the social economy –a entrepreneurial model developed to put people first– was destined to play a leading role in the major transformation that was needed to move out of recession and into a socially just recovery.

Because what truly defines the transformation that Spain began to experience in mid-2013 is the social nature of the recovery, illustrated by the country's willingness to push forward without leaving anyone behind. The efforts of social economy institutions have been crucial to achieving this.

There is no better means to social integration than a job. In recent years, the social economy has set an example of how to ride out recessions and expand during periods of growth. Searching for alternatives to lay-offs led to job destruction among social economy organisations being eight points lower than among traditional businesses. Moreover, this effort to offer opportunities from the very start enabled jobs to be created off the back of the growth, cooperatives have recovered all the jobs lost during the crisis, and not only that, but quality jobs demonstrated by the fact that 80 % of employment contracts with cooperatives and employee-owned companies are permanent.

Over the last few years, Spain has become the European capital of the social economy. We had a great starting point. As demonstrated in the Spanish Social Economy Strategy for 2017-2020, our country has a long tradition in the social economy. Looking back, there have been numerous milestones following the establishment of the first cooperatives, associations and mutual societies at the end of the 18th, beginning of the 19th century. Our country developed different models that were not dissimilar to those that also appeared in neighbouring countries in which this form of doing business and creating jobs began to stand out from others.

The social economy is a highly valuable asset in our society. Upwards of 43,000 enterprises and organisations operate in the social economy and, irrespective of their legal form, in accordance with the guiding principles of the social economy (allocation of results from economic activity primarily based on the work performed or service or activity carried out,

fostering of solidarity within the enterprise and in the wider society, and independence from public authorities, etc.).

Social economy organisations have become chief flagbearers of the economic recovery and sustainable and inclusive economic growth in our country. It is a sector that cuts across all economic realms, comprising enterprises of all sizes that have unarguably made a major contribution to strategic policies related with creating and protecting jobs and encouraging entrepreneurship, especially among young people.

Furthermore, as the aforesaid strategy demonstrates, the percentage of women working in social economy institutions has risen by six points since 2007 and now stands at 44.8 % of their total workforce in 2017. The number of women working in cooperatives, employee-owned companies and associations is almost on a par with the number of men. This is evidence that female employment has been boosted very satisfactorily over the last decade thanks to the extensive reforms we enacted during our term of office in partnership with institutions representing the social economy. The very *raison d'être* and development model of social economy institutions has contributed to this, where equality, social cohesion, local development and social inclusion are at the top of their agendas.

As we established in the strategy, one of the main challenges in our labour market is to include one of the groups of individuals who struggle most to find work: people with a disability. The work of special employment centres is especially important in this respect, offering one of the firmest and most successful formulae for enabling the disabled to access the job market, increasing the number of jobs available to them, and ensuring they can find work in regular businesses. Special employment centres are therefore a first step for people with disabilities to gain skills and work experience. However, one of the major challenges for these centres is to become true bridges between supported employment and ordinary work.

While I had the honour of serving as the Minister for Employment and Social Security between 2012 and June 2018, I was aware of how important it was to continue the great progress made with job creation. We approved a plethora of support measures, driving through reforms and also introducing incentives to generate jobs in the social economy.

The social economy has been a key ally in the efforts to bring a social slant to the recovery. It therefore also had a special place in the Government's agenda, which gave the social economy a boost through the Strategy for Entrepreneurship and Youth Employment, the Entrepreneurs' Act and the Job Training Act.

Progress has also been made thanks to the results of the 2015-2017 Social Economy Development and Promotion Programme. This programme systematised a raft of measures to raise awareness of and enhance the business fabric of institutions in the sector.

The 2017-2020 Spanish Social Economy Strategy is a continuation of this work. The aim of this new strategy is to successfully respond to globalisation, the digitalisation of the economy, the ageing population, and the need to make better use of natural resources and care for the

environment, because these challenges can only be turned into opportunities if we are able to involve everybody. If we know how to attract and retain all talent.

This is the talent agenda involving creating jobs in every walk of life to reach 20 million in 2019 and take the employment rate above 70 %.

This is what the social economy knows how to do best; it has proven this in recent years having not only survived the crisis but even reached all those areas that the public authorities were unable to get to.

Recent experience shows that the social economy is a valuable asset that is indispensable for achieving a socially fair recovery and preparing Spain for the future.

Why? Because it is a proven formula that is key in creating jobs, decent employment, collective entrepreneurship and support for the most needy, a successful formula that is exemplary because it focuses on jobs that are packed with the values everyone here is very proud of.

Values we want to continue to see serving as a guiding light: social inclusion, solidarity, equal opportunities, social cohesion, regional cohesion and respect for the environment.

Values that put human capital first and foremost, that are enabling the socially fair recovery and will make such a future of well-being and job opportunities possible. Values that, just as we talk of the social economy, we must champion to ensure the Talent Agenda is fully delivered, becoming one of the cornerstones of economic growth and social development in our country and allowing Spain to constantly modernise.



A WORK AGENDA FOR THE SOCIAL ECONOMY FOR SHARED PROSPERITY IN THE MEDITERRANEAN

Juan Antonio Pedreño Frutos

President of CEPES and Social Economy Europe
and Coordinator of the Euro-Mediterranean Network of Social Economy (ESMED)

Carlos Lozano

Director of International Affairs of CEPES

At the end of 2018 and early 2019, four important milestones have come together at the same time that illustrate the relevance of the social economy to the European Union (EU) and its cooperation framework with southern Mediterranean Partner Countries (MPCs).

The first milestone is the decision by the Union for the Mediterranean (UfM) and the European Commission to dedicate one of the four chapters of their joint industrial cooperation and SME development work programme 2018-2020 to promote initiatives to create employment and the social economy¹.

Just a few months later, in December 2018, the report on social economy and entrepreneurship was presented at the Summit of Economic and Social Councils (ESCs) in which the ESCs defined the priorities for promoting the development of this entrepreneurial model in the Euro-Mediterranean region².

In January 2019, the European Commission Vice-President, Jyrki Katainen, held a meeting with the European Parliament's Social Economy Intergroup and Social Economy Europe (SEE) which, as the highest representative organisation of the social economy in the EU, presented him with their proposal to draft a European action plan to promote the social economy³. This proposal includes a series of measures agreed across the whole sector to articulate a European policy in favour of this enterprise model during the next EU mandate, which begins after the European Parliament elections in May. A significant part of the SEE's proposals are aimed at incorporating the social economy into the EU's foreign agenda in order to promote these enterprises and organisations in third countries, and consequently in the Mediterranean as well.

In April 2019, the final declaration of the Euro-Med Conference of Ministers responsible for employment of the 43 states of the Union for the Mediterranean called for the creation of a conducive ecosystem for the social economy that will free the potential of these enterprises

¹ https://ec.europa.eu/growth/industry/international-aspects/cooperation-regions/eu-mediterranean_en

² This report was prepared by the Economic and Social Council of Spain in collaboration with the Economic and Social Council of Greece (OKE), the Economic and Social Council of Jordan, the Economic, Social and Environmental Council of Morocco, and the European Economic and Social Committee. Accessible from: <https://www.eesc.europa.eu/en/agenda/our-events/events/2018-euromed-summit-economic-and-social-councils-and-similar-institutions/documents>

³ Accessible from: <https://drive.google.com/drive/folders/1cIVf0TgnSzSeR5mGQ59Wb7-zuz9EIP2o>.

and entities in the Mediterranean⁴. Specifically, it states that the social and solidarity economy is not only an alternative way of adding economic, social and environmental value, but also a smart way of using resources, creating sustainable employment and generating inclusive economic growth in the region. Furthermore, it acknowledges the role that the social economy will play in the context of the industrial cooperation work programme of the UfM and the development of SMEs.

These four milestones mean that the social economy has taken on greater importance in achieving the wider objective that has guided the Euro-Mediterranean Partnership since its creation in 1995 – to generate a zone of shared prosperity across the North and South Mediterranean⁵. The foundations have been laid to start a new chapter in socio-economic cooperation in the Mediterranean aimed at creating a favourable environment that promotes an enterprise model that can provide solutions to the social, economic and environmental challenges that are common to the 750 million people that live in the 43 countries of the Euro-Med region, in other words EU member states and the other 15 Mediterranean countries⁶.

A study at the end of 2018 that includes the opinion of experts from around the Mediterranean on the future prospects of the region states that the future cooperation policy between the EU and Mediterranean Partners must put the emphasis on promoting economic development, with the priority being the establishment of a more equitable north-south cooperation framework that encourages convergence between the two shores of the Mediterranean⁷.

In effect, one of the region's main challenges is to progress towards a sustainable economic model that reduces the enormous disparities that exist in the region. In 2015, average incomes in the most advanced country of the Euro-Med region were approximately six times higher than in the poorest country⁸. These significant inequalities are especially evident in the enormous development differences that arise between urban and rural areas in countries, which suffer high levels of poverty⁹. One of the most obvious consequences of these inequalities is illustrated by the flows of people fleeing misery, unemployment or military conflicts, risking their lives in search of a better future on the northern side of the Mediterranean, but also leading to the loss of human capital in their countries of origin.

If we aspire to build an open society that promotes social well-being, democratic participation, equal opportunities and an equitable distribution of wealth, we need to tackle the factors that cause these inequalities that negatively impact socio-economic development in the region.

⁴ Accessible from: <https://ec.europa.eu/social/BlobServlet?docId=20942&langId=en>.

⁵ For more information about the Euro-Mediterranean Partnership, visit: <http://www.exteriores.gob.es/Portal/es/PoliticaExteriorCooperacion/Mediterraneo/Paginas/PartenariadoEuroMediterraneo.aspx>.

⁶ Albania, Algeria, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Cyprus, Croatia, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Jordan, Latvia, Lebanon, Lithuania, Luxembourg, Malta, Mauritania, Monaco, Montenegro, Morocco, the Netherlands, Palestine, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom, Czech Republic, Syria, Tunisia and Turkey.

⁷ EuroMed Survey of Experts and Actors. IEMed. December 2018.

⁸ Trends in Mediterranean inequalities 1950-2015. Vittorio Daniele and Paolo Malanima. January 2018. https://www.researchgate.net/publication/325017427_Trends_in_Mediterranean_inequalities_1950-2015.

⁹ The Rural-Urban Gap and Rural Transformation in the Near East and North Africa. David Sedik. Policy Officer, FAO Near East and North Africa Office, Cairo. 2018

Reversing this trend means creating better life prospects for everyone in the region, investing in one of its greatest potentials – people, and young people in particular.

Tackling youth unemployment is a serious challenge faced by societies on both sides of the Mediterranean. In some European countries, especially those in the most southern states, youth unemployment exceeds 30 % and reaches 40 % in others. In countries of the Middle East and North Africa region (MENA), 60 % of the population is under 25 years old. In 2012, it was calculated that these countries needed to create 7.5 million jobs every year until 2020 to absorb the youth population entering the labour market¹⁰.

It is also important to adopt measures that increase the activity rate in certain groups of the population. Access to employment is a key factor in empowering women and to support the transforming potential of more than half of the population. While the activity rate for women in the EU is 66 %, they only represented one third of the labour force in Mediterranean Partner Countries, according to official statistics¹¹. Furthermore, meeting the needs of groups at risk of exclusion, such as people with disabilities (who could number more than 100 million across the whole region), is becoming an urgent task because these groups have a poverty rate far above the average, partly as a result of their reduced access to employment¹².

At the same time, according to the International Labour Organisation (ILO), the development of social economy entrepreneurship is an effective way of reducing the significance of the informal economy, especially in certain Mediterranean Partner Countries, which holds back the socio-economic development of the region and can result in the loss of social rights of a significant proportion of workers¹³.

In this context, entrepreneurship becomes a key factor for generating sustainable economic growth in the framework of a fairer labour market. Fortunately, the opinions of the leaders and senior representatives of governments and all the European institutions and international organisations featured in this paper, confirm that the social economy can respond to this requirement.

The social economy offers an enterprise model that, thanks to its values of solidarity and participative management, puts the people at the heart of the enterprise project. These projects must be efficient and competitive in the market in order to be able to reinvest their profits in maintaining and creating quality employment, to meet the needs of the territories in which these enterprises are created and that do not delocalise. The social economy's distinctive approach to enterprise is precisely what has allowed it to break the mould and offer alternatives during difficult times and the figures confirm this.

¹⁰ Porta FinDev: <https://www.findevgateway.org/es/regi/%C3%B3n/medio-oriente-y-norte-de-%C3%A1frica>

¹¹ Euro-Mediterranean statistics. 2015 edition. Eurostat.

¹² See for example the Commission Communication «European Disability Strategy 2010-2020: A Renewed Commitment to a Barrier-Free Europe for Disabled Persons» (COM(2010) 636 final) and the Opinion of the European Economic and Social Committee entitled «The situation of people with disabilities in the Euromed countries» (2010).

¹³ Recommendation by the International Labour Organisation (ILO) on the transition from the informal to the formal economy. 2015. Accessible from https://www.ilo.org/dyn/normlex/es/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R204; and In Egypt, around 60 % of women and 40 % of men work in the informal economy. In Jordan and Tunisia, just under half of all employment is informal. It is also calculated that the informal economy generated 43 % of national GDP in 2015. Source: «Institutions and labour markets in the southern Mediterranean countries. A survey of Egypt, Jordan, Morocco & Tunisia». EMNES, 2017.

The number of enterprises and jobs in the social economy has grown both in the north and south, generating quality employment and jobs for young people¹⁴. It contributes to greater gender and wage equality; it also promotes solidarity with people at risk of exclusion and with those that emigrate to Europe, welcoming them, accompanying them and facilitating their social inclusion through access to the labour market in both their transit and host countries¹⁵.

Today, the social economy represents a highly significant proportion of the private sector in the Euro-Mediterranean region with more than 3.2 million enterprises and 15 million jobs¹⁶. It also represents a private sector actor capable of galvanising the economies of various countries, where it can account for 10 % of GDP, such as in Spain or France.

The strength of this enterprise model is demonstrated by the leading brands with which the social economy competes in domestic and international markets in sectors such as banking, industry, retailing, agriculture, education or health services, to name just some of those highlighted in this paper.

Regardless of their size, the key to their success lies in the commitment of the people that jointly undertake these projects. Although these may have started out very small, the determination of a group of workers, of small producers or users to collectively grow and pursue the general interest, has made it possible for modest projects in their day to have scaled up, expand internationally, and contribute social innovations and technological solutions, sharing risks and involving the greatest number of people. Close local ties mean that the social economy is becoming the sole source of local endogenous development; an actor that is helping to embed populations in their own territories, especially in rural areas, taking a sustainable view of their natural, cultural and tourism resources, as well as bringing solutions to environmental challenges¹⁷.

All of this makes the social economy a fundamental part of the future project of any region, country, and of course Europe and the Mediterranean.

The social economy has been incorporated into initiatives to promote inclusive economic growth that various countries and the European Commission are developing through coop-

¹⁴ In Morocco the number of cooperatives grew fourfold between 2005 and 2018, from less than 5,000 to 20,000. In Portugal, social economy enterprises have grown by 10.6 % during the 2010-2013 period, from 55,383 to 61,268 entities; The number of jobs in social economy enterprises rose from 11 million to 13.6 million between 2003 and 2015. CIRIEC figures for EESC studies on the social economy in Europe; In Spain, 75 % of jobs in the social economy are permanent roles and 80 % are full-time jobs. Source: Ministry of Labour, Migrations and Social Security. December 2018; and The Union of Cooperatives in Egypt calculates that 75 % of the seven million workers that make up all agricultural, artisanal, industrial and fisheries services cooperatives are under 40 years of age. In Spain, 40 % of jobs are held by people under 40, according to figures from the Ministry of Labour, Migrations and Social Security in December 2018: http://www.mitramiss.gob.es/es/sec_trabajo/autonomos/economia-soc/EconomiaSocial/estadisticas/CaracteristicasTrabajadores/2018/4TRIM/RESUMEN_3TRIMESTRE.pdf.

¹⁵ In Morocco, 29 % of all cooperative members are women, seven points more than the general employment rate, while in Italy women represent more than 52 % of all cooperative workers. Source: <http://areastudi.legacoop.coop/wp-content/uploads/2016/06/Rapporto-Donne-e-cooperazione.pdf>; See for example, «The socio-economic impact of social economy entities. Identification, measurement and assessment of the effects associated to the operating principles of social economy enterprises». CEPES 2011; and The associative sector represented by CEPES (Spanish Business Confederation of Social Economy) contributed 200,000 jobs for those groups that have major difficulties accessing the labour market

¹⁶ Figures relating to the EU and eight MPCs (Jordan, Lebanon, Morocco, Palestine, Tunisia, Algeria, Egypt and Turkey).

¹⁷ Examples provided by argan oil production cooperatives in Morocco that are largely made up of women. In addition to creating employment in rural areas, these cooperatives contribute to forestation and prevent erosion in the rural environment. Furthermore, the European association of social enterprises active in the field of the circular economy has recycled more than one million tonnes of materials (2017). Source: <https://www.rreuse.org/wp-content/uploads/RREUSE-Network-Impact-2017.pdf>.

eration policies in the Mediterranean¹⁸. The results of these experiences have been extremely positive and are undoubtedly contributing to giving the social economy the role it deserves based on its significance and contribution to the development of the region.

The Mediterranean's comparative advantage is that several of its countries are leaders in policies promoting the social economy, because they have adopted national strategic plans, such as Spain, France or Morocco, or specific initiatives such as Algeria, Belgium, Portugal or Luxembourg, which have a minister responsible for the social economy, as occurs in Morocco¹⁹.

The social economy is also a priority that European institutions are working on²⁰. Between 2017 and 2018, the European Commission implemented a series of measures as part of a roadmap to promote the social economy and social enterprise, which should be enhanced and strengthened by approving an action plan to promote the social economy by the new European legislature that starts in 2019. In addition to the UfM, other international organisations have incorporated the social economy into their Mediterranean initiatives. For example, the International Labour Organisation (ILO) has been promoting the cooperative movement in the southern Mediterranean for decades and is working with the Tunisian government and the national social partners to develop the social economy as a vector for inclusive economic growth²¹.

In short, these enterprises and organisations have set about becoming part of the structural socio-economic development policies in various countries, focused on creating employment or combating job insecurity, social exclusion and poverty, as well as in others related to rural development, environmental protection or industrialisation.

The necessary elements therefore exist (business sector, public departments, and development programmes and instruments) and above all, a clear desire by governments and European and international institutions to support the social economy. The interaction between these elements should help to shape a common space and consensus around the social economy that, promoted by the Union for the Mediterranean and the EU, involves governments across the entire region as well as the organisations that represent the social economy. It is therefore

¹⁸ The social economy is recognised as an actor in the Spanish development cooperation system alongside other social agents (trade unions and sector associations) –for example, <http://www.aecid.es/ES/sectores-de-cooperación/crecimiento-económico>– and the French Development Agency has a programme for supporting entrepreneurs with a social impact in third countries that includes the social economy, for example <https://www.socialbusinesscamp.com/>; and for example, the MedUP! Programme with a budget of € 5 million for the 2018-2020 period that is aimed at promoting social enterprises in Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia. For more information visit: <https://www.euneighbours.eu/en/south/stay-informed/projects/medup-promoting-social-entrepreneurship-mediterranean-region>.

¹⁹ Spanish Social Economy Strategy 2017-2020. Accessible from: <https://www.boe.es/boe/dias/2018/03/20/pdfs/BOE-A-2018-3857.pdf>; Pacte de croissance de l'Économie Sociale et Solidaire. Accessible from: <https://www.ecologique-solidaire.gouv.fr/gouvernement-presente-pacte-croissance-leconomie-sociale-et-solidaire>; The Moroccan government has a strategy for the 2010-2020 period and is putting together a new one for 2028. For more information visit: <http://www.artisanat.gov.ma/fr/economie-sociale/strategie-de-leconomie-sociale/>; For example see Algeria's programme for supporting job creation among young people <http://www.paje.dz/index.php/economie-sociale-et-solidaire.html>; See for example <http://www.observatoire-es.be/>; For example, see the António Sérgio Cooperative for the Social Economy www.cases.pt; Ministère du Travail, de l'Emploi et de l'Économie sociale et solidaire. For more information visit: <https://mteess.gouvernement.lu/fr/le-ministere/attributions/economie-sociale-et-solidaire.html>; and Ministère du tourisme, du transport aérien, de l'artisanat et de l'économie sociale <https://www.tourisme.gov.ma/>.

²⁰ See the introductory article of this paper, «The situation and evolution of the social economy in the context of the socio-economic development of the European Union and the Mediterranean».

²¹ For more information visit: <https://www.ilo.org/global/topics/cooperatives/regions/arab-states/lang-en/index.htm>; Étude stratégique sur l'économie sociale et solidaire. le Ministère du Développement, de l'Investissement et de la Coopération Internationale (MDICI) (2017): Source: <http://www.mdici.gov.tn/etude-strategique-sur-leconomie-sociale-et-solidaire/>; and PROMESS: «Promotion des Organisations et des Mécanismes de l'Économie Sociale et Solidaire». More Information: https://www.ilo.org/addisababa/technical-cooperation/rbsa/WCMS_540512/lang-fr/index.htm.

important to underscore the proposal by the Euro-Mediterranean Network of Social Economy (ESMED) to draft an action plan to promote and develop the social economy in the Euro-Mediterranean Partnership.²²

In effect, the opinions of the senior representatives and experts cited in this book, together with the experience of organisations and entities in the sector, define the broad lines around which a joint working agenda can be put together to promote entrepreneurship in the social economy.

One of the priority positions of this Euro-Med agenda is undoubtedly the creation of a conducive environment for social economy enterprises.

An initial part of this environment should be building on the foundations of greater cooperation between the services supporting social economy enterprises that already exist in the north and south Mediterranean²³. These services bring together the knowledge of how to support these enterprises, together with an understanding of their needs, as these services directly deal with them in their own territories. Promoting meetings and the exchange of experiences between leaders of these networks and advisory experts would strengthen the range of existing services in the region in order to improve enterprise management capabilities in the social economy. The development of these capabilities is associated with support for human and technical resources through Euro-Mediterranean education and training programs for entrepreneurs. Such programs develop and professionalise social economy SMEs as well as adapting them to the new market conditions in order to leverage the opportunities offered by new technologies.

Business development and the competitiveness of the sector are closely linked with the implementation of training mechanisms, especially for young people, which empowers them to establish and manage their own enterprises based on the values of the social economy. This work must be reinforced and supplemented with education in schools about the meaning of principles such as solidarity, mutual support, responsible management and transparency, applying them in school projects and university education. It would therefore be appropriate to develop the exchange of experiences and initiatives linked to the promotion of the entrepreneurial spirit of the social economy in education curriculums and training programs for jobseekers. This greater interaction at the Euro-Mediterranean level would help to increase the number of people interested in taking up the challenge of setting up their own enterprise based on the values of the social economy, sharing risks and projects that they could not take on individually.

²² The Euro-Mediterranean Network of Social Economy (ESMED) took the initiative in 2011 to draft a proposal for an action plan to promote and develop the social economy in the Euro-Mediterranean Partnership, which it updated in October 2016 with proposals to strengthen the social economy in the Mediterranean, which can be found at <https://www.cepes.es/files/publicaciones/97.pdf>.

²³ Examples of these services can be found in Luxembourg, with social enterprise incubators (<http://6zero1.org/>) or in Spain, where the different organisations that make up CEPES (Spanish Business Confederation of Social Economy) have access to advisory services in every territory of the country. These can be found at https://www.cepes.es/emprendedores/donde_informarse; and in Tunisia, there is the «Laboratoire de l'économie sociale et solidaire (LAB'ESS)» - <http://www.labess.tn/> and in Morocco the Cooperatives Development Office (ODCo – Office de Développement de la Coopération) that provides support and advice to cooperatives at a territorial level <http://www.odco.gov.ma/fr/content/attribution-du-service-economique>.

The future development of the social economy also relies on its ability to become a vector for technological and social innovation that contributes to producing a new wave of entrepreneurs that can address the region's major challenges²⁴. The integration of new technologies into the social economy represents an opportunity to promote new business organisational models that not only contribute to reducing inequalities, but also boost industrial transformation and research in line with the Sustainable Development Goals. In this vision of the future, the social economy must leverage its opportunities and incorporate itself into research and innovation programmes to a greater extent, such as those promoted by the EU that bring together public and private sector actors in Mediterranean Partners countries, or programs for internationalisation and cross-border technical and financial business cooperation²⁵. It would therefore make sense to systematically involve social economy organisations in the forums and business spaces promoted by the Commission and the UfM that deal with the development of the private sector in the region, while also strengthening the business cooperation platforms of the social economy on both sides of the Mediterranean²⁶.

Increasing the range of financing instruments is also a request shared by social economy enterprises on both shores of the Mediterranean. At present, the EU has various programs that help certain agents in the social economy to access financing, such as social enterprises²⁷. These instruments, which must be strengthened in the future, should be expanded to offer a broader range of financing mechanisms specifically designed to help social economy enterprises to grow and to help them take on innovative projects, as occurs in certain countries²⁸. It would therefore make sense to raise the profile of existing financial programs in the Mediterranean that support the social economy, or that would benefit this business sector, by using informative events and campaigns targeted at social economy enterprises.

It is worth noting that the financial agents of the social economy have launched their own specific financial initiatives for the social economy outside of the EU's borders, on both sides of the Mediterranean, such as COOPMED, which is prepared to support social economy projects in Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian territories, Tunisia and Turkey²⁹. It will be important to strengthen and improve the visibility of these types of initiatives through the institutions responsible in the Euro-Mediterranean Partnership and those involved in developing the private sector in the southern Mediterranean, such as the European Investment Bank (EIB), in order to work more closely with the financial institutions, such as cooperative banks, social impact funds or the ethical banks with the capability to manage investments that have a positive social impact in these territories, in a transparent

²⁴ For example, see «Social and Solidarity Economy and the Future of Work. International Training Center of the ILO. 2017. Accessible from https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/publication/wcms_573160.pdf.

²⁵ HORIZON 2020 Programme; and For example, see the Euromed Invest programme: <http://www.euromedinvest.eu/en>.

²⁶ For example, in 2013 the MedESS meeting was organised in Tunisia, attended by 200 representatives from social economy enterprises in France, Tunisia, Morocco and Spain.

²⁷ For example, see http://ec.europa.eu/growth/sectors/social-economy/enterprises_en.

²⁸ « Le financement des entreprises de l'Économie Sociale et Solidaire ». Chambre française de l'ESS. 2017. https://www.ess-france.org/sites/ess-france.org/files/ESS-FRANCE_rapport_financement.pdf.

²⁹ <http://www.coopest.eu/web/>; <http://www.coopmed.eu/>.

and participatory way³⁰. In order to expand the channels for financing the social economy, it would also make sense to raise awareness of these enterprises in the traditional commercial banking sector and among business angel networks to create a better understanding of the ways that they function and are managed.

A favourable ecosystem for social economy enterprises in the Euro-Med region must also encompass institutional aspects in two key areas.

The first is support for establishing legal environments that facilitate and incentivise the creation of social economy enterprises. The Mediterranean has a comparative advantage compared to other regions of the world. As explained in another chapter of this work, various EU states have approved their own social economy laws, while Morocco and Tunisia are in the process of creating respective legislative bills³¹. These legislative frameworks can also offer legal certainty to this business model, in addition to helping to shape policies and strategies that promote the social economy³². This clarity is necessary because, as shown in this paper, this region uses different terms (social economy, social and solidarity economy, social enterprises, social entrepreneurship or social business), which sometimes represent different realities. This can hinder the proper development of the social economy by incorrectly identifying the business model of these enterprises. Fortunately, a common definition for social economy is beginning to take shape in the Mediterranean based on similar characteristics recognised in laws and existing legislative bills, which is helping to correctly configure this enterprise sector. Improving this conceptual clarity should be a priority of a Euro-Mediterranean agenda for the sector. It seems logical therefore that the Union for the Mediterranean, in coordination with the EU and the organisations that represent the sector, facilitates the exchange of information about existing regulatory frameworks between the administrative departments and legislative chambers of countries in the region in order to develop a common definition for social economy.

Cooperation in the area of legislation would be strengthened by exchanging the different forms of social economy that exist in legislative matters. It is important to be able to transpose legislative models and mechanisms between countries that are facilitating significant innovations that safeguard jobs (such as the transformation of businesses at risk of closure into workers cooperatives – «workers buy-out») or to promote specific forms of social economy that exist in some countries³³.

³⁰ For example, see activities of the EIB in MPCs: <https://www.eib.org/en/infocentre/publications/all/eib-activity-in-the-mediterranean.htm>; European Association of Cooperative Banks (EACB); and <https://www.fcbea.org/>.

³¹ France, Portugal and Spain, among others.

³² For example, in the case of Spain, Law 5/2011 on the Social Economy (Additional Provision Seven) establishes that the government will draw up a programme for promoting social economy entities. This mandate was implemented with the approval of the Spanish Social Economy Strategy 2017-2020 in 2017, which was a continuation of the Programme to Promote and Strengthen the Social Economy 2015-2016.

³³ For example, see the European «SAVING JOBS» programme - <http://savingjobs.coceta.coop/index.html> - managed by COCETA – the Spanish Confederation of Workers' Cooperatives – or the guide «Business Transfers to employees under the form of a Cooperative in Europe» by CECOP (2017) or the website of the Italian cooperative movement that specialises in these types of transformations: <https://workersbuyout-cooperative.it/home>.

A second important institutional aspect is the creation of a permanent cooperation space that, coordinated by the Union for the Mediterranean and the EU, enables a common working agenda to be implemented by Member States to make progress in developing the social economy. Within this area of intergovernmental cooperation, it would be important to encourage the collation of statistics at a regional level to be able to analyse the situation of the social economy and understand the scale of its real contribution to the socio-economic development of the region.

An institutional cooperation should be created in coordination and discussion with the organisations that represent the sector, to take into account the interests and priorities of the social economy and to involve them in the creation of measures that may be put in place. The social economy networks that exist in countries, coordinated through the Euro-Mediterranean Social Economy Network (ESMED), are the partners needed to understand the reality of the enterprise sector in each territory. Consequently, strengthening these networks should be a means to having independent representatives that are capable of supporting initiatives that benefit these enterprises and making them available to those that really matter – the people that work in the social economy every day.

The 25th anniversary of the Euro-Mediterranean Partnership will take place in 2020. It will be an important moment to review the successes and failures achieved in this process in order to rethink the future and consider the direction that the Mediterranean should be moving in. The role of the private sector and the entrepreneurship model that should be given the lead should be central aspects in this debate. Because the challenge is to promote an enterprise model that can respond to the Sustainable Development Goals of the 2030 Agenda and contribute to raising social standards across the region as a whole.

This ambitious work confirms that the social economy is a socio-economic reality that can address these challenges in multiple ways and is the key to realising the objective of making the Euro-Mediterranean region an area of shared prosperity for everyone that lives there.

