

Strengthening the Social Dimension of the Euro-Mediterranean Partnership through Social Economy Enterprises: Lending Meaning to the “People-Centred” Approach

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Introduction

The social, economic and environmental challenges shared by the 800 million inhabitants of the Euro-Mediterranean region highlight the fact that we are undergoing a process of major transformations that have been accelerated by the COVID-19 pandemic. In the European Union, the new Commission chaired by Ursula von der Leyen has been building a socio-economic agenda since the beginning of its mandate that prioritizes economic growth, not as an end in itself, but as an economy that “must work for the people and the planet.” This change of perspective is marked by “climate and environmental concerns, technological progress and demographic change” which “are set to transform our societies profoundly. The European Union and its Member States must now respond to these structural shifts with a new growth model that will respect the limitations on our natural resources and ensure job creation and lasting prosperity for the future.” (“Annual Strategy for Sustainable Growth 2020.” COM(2019) 650 final). To achieve these goals, it is necessary to generate an ecosystem fostering the development of actors, such as social economy enterprises, which contribute to generating economic growth that ensures a more equitable distribution of wealth and improves life opportunities for everyone.

As outlined on the following pages, Europe and the Mediterranean are working on policies promoting such a business model because the social economy is at the forefront of this paradigm shift – in the Mediterranean as well – since it provides a “new balance between economic efficiency and social and environmental resilience” (Report of the UN Secretary-General: “Socially Just Transition to Sustainable Development: The Role of Digital Technologies in Social Development and Well-Being for All,” November 2021). The social economy plays a key role in building a fairer Euro-Mediterranean Partnership because “thanks to its business models that put people and the planet at their core, the social economy holds potential to address many societal challenges and increases our society’s resilience in times of crises.” (Joint Communication of the European Commission: “Renewed Partnership with the Southern Neighbourhood,” JOIN (2021) 2 final. February 2021).

The Social Economy: A Business Reality in the Euro-Mediterranean Region at the Service of the People

The social economy is an indispensable actor for sustaining the cornerstone on which the EU is pivoting its New Agenda for the Mediterranean, which focuses on stimulating “long-term sustainable socio-economic recovery and job creation in the Southern Neighbourhood” (“Council Conclusions on a Renewed Partnership with the Southern Neighbourhood: A New Agenda for the Mediterranean.” April 2021). The social economy is a leading economic and social reality throughout the Euro-Mediterranean region, with more than 3.2 million enterprises and or-

ganizations of all sizes across all sectors, employing more than 15 million people. It represents 8% of the GDP of the European Union, a percentage that rises to 10% in countries such as France or Spain where more than 43,000 social economy enterprises and entities generate more than 2.2 million direct and indirect jobs.

More and more governments and international institutions are recognizing their potential to generate wealth, employment stability, social and territorial cohesion and inclusive development, especially in times of crisis such as the current one.

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The EU and the Union for the Mediterranean (UfM) are firmly committed to this business model. In 2015, the Council of the European Union defined the social economy as a key driver of economic and social development in Europe (Council Conclusions, 7 December 2015). A few years later, this recognition would also be taken up by the bodies responsible for the Euro-Mediterranean Partnership at the highest level. In 2019, the Ministries of Labour and Employment of the 43 UfM member States emphasized the economic, social and environmental value of the social economy, especially for generating sustainable employment and inclusive economic growth in the region (Ministerial Declaration of the Union for the Mediterranean (UfM) Employment and Labour Ministers, 2-3 April 2019, Cascais, Portugal).

Values and Principles Shared Across the Entire Mediterranean Social Economy

The declarations of the EU Council and the UfM are two important milestones that consolidate and lend visibility to the social economy, which is developing

in all the countries of the Euro-Mediterranean region into a rich diversity of business and organizational forms that reflect shared principles and values.

The social economy is a business model based on values of participation, solidarity, innovation and collective ownership and initiative. It does not aim to maximize economic profit, but rather is the instrument or means guaranteeing achievement of the social goals shaping the actions of these companies and organizations, lending priority to people over capital. Spain, which is a country with an institutional and legal environment propitious to this business model, was the first EU and UfM member state to pass a Social Economy Law in 2011 (Law 5/2011 of 29 March). This law establishes that the social economy includes “cooperatives, mutual societies, foundations and associations that carry out economic activity, employee-owned companies, labour insertion companies [i.e. firms hiring marginalized collectives and integrating them into the marketplace], special employment centres, fishermen's guilds, agricultural processing companies and unique entities created by specific regulations that are governed by the principles” of the social economy, which the Law also defines.

The Social Economy: Leading the Way to a Sustainable Recovery in the Mediterranean

These values and principles have enabled the social economy to resist and grow even during the difficult periods of recent years (the economic and COVID crises) in many North and South Mediterranean territories by placing people at the centre of its activities, demonstrating that economic efficiency and social and environmental commitment are not only compatible, but can go perfectly hand in hand.

They are “companies with a soul” that provide viable alternatives through a business model with a long history but tremendously young in spirit due to the connection of its values with the concerns of a new generation that suffers from job insecurity while demanding a more responsible economy, solidarity and, in short, an economy at the service of the collective or general interest.

The social economy has generated and maintained quality jobs, especially through collective entrepreneurship and the reinforcement of the industrial fabric throughout the Mediterranean region. It is providing

innovative solutions to facilitate access to the labour market for vulnerable groups and to save thousands of jobs and businesses at risk of closure by transforming them into cooperatives or worker-owned companies, a model that is producing excellent results in countries such as Spain, France and Italy.

It is a driver of a citizen-led green transition. The potential of renewable energy production cooperatives or social economy enterprises in the circular economy, in sustainable agriculture or in access to decent and affordable housing is growing every day.

The social economy is in a position to rise to the demographic challenge by fixing population at the local level and especially by boosting rural economies.

It has been in the most difficult moments of the pandemic that the social economy has shown its values of solidarity by being at the forefront in tackling the health crisis, caring for those most in need and ensuring access to basic social products and services.

Advancing towards a Working Agenda for the Social Economy between Europe and the Mediterranean

A shared concept and agenda in favour of the social economy is taking shape across the Mediterranean region. The Northern and Southern Mediterranean countries have regulatory and institutional environments for the promotion of the social economy that are themselves global benchmarks.

The Spanish Social Economy Law 5/2011 has been followed by others such as those adopted by Portugal in 2013, France in 2014, Greece in 2016 or Tunisia in June 2020. Morocco is working on a draft law and, like Spain, has ministerial departments and specific strategies for the promotion of the social economy. In fact, the governments of the two countries have signed collaboration agreements in the sphere of the social economy.

Co-operation in the area of the social economy has grown exponentially among the EU Member States. Since at the end of 2015, the governments of six European countries (Slovakia, Slovenia, Spain, France, Italy and Luxembourg) decided to create a Monitoring Committee to promote policies in favour of the Social Economy within the framework of the European Social Economy Conference organized by the Luxembourg Presidency of the Council of the European Union,

there are now 20 governments of EU Member States working to lend greater visibility to the social economy in Europe. As a result of the summit organised in December 2020 in the city of Toledo (Spain) by this committee, under the presidency of the Government of Spain and with the participation of Yolanda Díaz, the Spanish Minister of Labour and Social Economy, Nicolas Schmit, the European Commissioner for Jobs and Social Rights, and Ángel Gurría, the OECD Secretary-General, among other authorities, the 20 European governments adopted the declaration “The Social and Solidarity Economy as a key driver for an inclusive and sustainable future,” which was followed up in July 2021 with the declaration “Towards a European Action Plan for a Social Economy” fostering the role of the social economy incongruence with the European Pillar of Social Rights.

The Social Economy: A History of Success in the European Union

The social economy has been closely linked to the history of the European Union since its birth. The Treaties establishing the then European Economic Community recognized cooperatives as one of the business models existing in the Union. Over the years, the European Institutions and Member States have been supporting the social economy thanks to its weight and important presence in society, as it currently comprises over 2.8 million social economy enterprises and employs around 14 million people. Alongside the measures that have been implemented specifically for co-operatives, mutual societies, foundations or, more recently, social enterprises, the EU has been building up an “acquis” of recognition and measures in favour of the development of the social economy as a whole, which is now at the heart of the EU’s main policy initiatives.

From 2020 to the present, the European Commission has included the social economy in its main communications in areas such as the European Circular Economy Action Plan, the Industrial and Small and Medium-Sized Enterprise (SME) Strategy, the initiatives for equality and against discrimination of the Roma and of LGTBIQ people, or the new European consumer agenda, among others.

Its weight and relevance have made it a central player in EU flagship and structural initiatives for re-launch-

ing economies and in the manner of materializing new forms of long-term economy, promoting inclusive and sustainable models and facilitating business recovery. The Next Generation Funds that the EU has designed for its post-pandemic rescue plan specifically prioritize the social economy within the most ambitious strategy ever adopted by Europe to generate smart, sustainable and inclusive growth based on quality employment, productivity, competitiveness and industrialization, fostering digitalization, innovation and research and the green transition to clean energy to achieve a climate-neutral Europe by 2050. (Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility). Countries such as Spain or France have included the social economy among the priorities of their national recovery and resilience plans to implement the recovery funds.

Furthermore, the social economy forms part of the EU's initiatives to promote change in its production model, such as the European Pact for Skills, for the continuous training of workers, dedicating Industrial Ecosystem No. 14 to promoting entrepreneurship in the social economy.

Another of the most ambitious policies of the European Union, the European Pillar of Social Rights, has the priority of promoting new social economy opportunities through a specific European Action Plan to tap into its potential "to create quality jobs and contribute to fair, sustainable and inclusive growth" (Communication from the Commission: "The European Pillar of Social Rights Action Plan" COM(2021) 102 final. March 2021).

Towards a European Policy for the Social Economy

The social economy has been and is definitively on the agenda of the current European Commission since its constitution at the end of 2019. In February of the following year, the Commission already included the adoption of an Action Plan for the social economy as a central part of its "Fair Economy Package," which aims to achieve its policy objective for 2019-2024, "an economy that works for people." The 2021 European Commission Work Programme expressly foresees the development of this action plan by year's end.

Social economy Europe, as the highest representative organization of the social economy in the EU, is the entity promoting the adoption of a European Action Plan for this business model. It is working closely with the European Commission, the European Parliament, its Social Economy Intergroup and the Member States committed to promoting the social economy, as well as the members of the Luxembourg Declaration Monitoring Committee, the Commission's Expert Group on Social Economy and Social Enterprises (GECES), the European Economic and Social Committee (ECOSOC) and the European Committee of the Regions in all the milestones that are shaping the development of this plan.

Social economy Europe has developed proposals for this Action Plan organized around 7 priorities and 51 measures (SEE Policy Paper: "Co-designing the Action Plan for the Social Economy," March 2021) focusing on three main objectives:

1. Unlocking the full potential of the social economy for successful implementation of EU socio-economic and recovery policies as outlined above. These are enterprises operating in all economic sectors and comprising a significant part of the European socio-economic landscape (more than 10% of all enterprises in the EU). Therefore, EU institutions, Member States and all public authorities must take into account the social economy in designing their socio-economic policies, in particular those aiming at social and economic reconstruction in line with the 2030 Agenda.
2. Fostering the convergence and co-ordination of the different public authorities involved in the promotion of the social economy by defining strategic objectives at the EU level.
3. Fostering an ecosystem that facilitates the growth of the social economy in Europe, enhancing its contributions to key EU objectives, including its external dimension, and in particular in Euro-Mediterranean co-operation.

A European Action Plan Promoting Euro-Mediterranean Co-operation in the Sphere of the Social Economy

CEPES (the Spanish Social Economy Business Confederation), Social Economy Europe and the

Euro-Mediterranean Social Economy Network (ES-MED Network) as the highest representative organization of the Euro-Mediterranean Social Economy, together with the UfM Secretariat, have drawn up a roadmap with proposals to foster the social economy after the Pandemic (“Outcome Document of the Key Messages: UfM Online Workshop on ‘Social Economy and the Post-Pandemic Recovery: Challenges and Prospects’,” June 2020). The central thrust of these proposals is aimed at launching an ambitious Euro-Mediterranean co-operation initiative to strengthen the social economy as a key agent for social and economic reconstruction. This initiative revolves around the following priorities:

- Ensuring the continuity of social economy jobs and entities, especially through financial instruments, by applying guarantees and facilitating access to funds with little or no interest rates.
- Consolidating a financial ecosystem favourable to the social economy, including reinforcing existing initiatives.
- Accelerating the digitalization process of social economy enterprises in all sectors.
- Promoting their development in emerging and innovative sectors, such as the blue economy, those related to the green transition and others contributing to the Sustainable Development Goals (SDGs).
- Boosting value chains among social economy enterprises through greater business and trade cooperation between social economy organizations and enterprises, at both the national and Euro-Mediterranean levels.
- In countries where they do not exist, encouraging the adoption of legislative frameworks that lend the sector legal security and promote public policies in favour of the social economy.
- Strengthening incubators, development poles and clusters with the aim of consolidating and increasing support and advisory services for social economy entrepreneurs.
- Increasing the visibility of social economy enterprises and entities and their values and business models, especially throughout the education system, from school to university as well as in vocational training systems.

- Stepping up the role of the representative organizations of the social economy at the national and Euro-Mediterranean levels as interlocutors with the public authorities in order to adopt effective measures and initiatives fostering the contribution of the social economy to the economic and social recovery of the region.

All these proposals have been addressed to the European Commission in order to integrate them into the future chapter of the European Social Economy Action Plan devoted to the reinforcement of the external dimension of the EU, which also covers the Mediterranean.

The integration of this ambitious initiative involving the European Institutions and the North and South Mediterranean governments into the future action plan will be a step forward towards unleashing the full potential of the social economy to make the Mediterranean a true area of shared prosperity where no one is left behind.

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