

ECOS-003

Brussels, 26 March 2002

OPINION

of the

Committee of the Regions

of 14 March 2002

on

**Partnerships between local and regional authorities and social economy organisations:
contribution to employment, local development and social cohesion**

The Committee of the Regions

HAVING REGARD TO the decision taken by its Bureau on 12 June 2001, in accordance with Art. 265 (5) of the Treaty establishing the European Community, to draw up an own-initiative opinion on this matter and to instruct Commission 6 for Employment, Economic Policy, Single Market, Industry and SMEs to undertake the preparatory work;

HAVING REGARD TO its opinion on the Communication from the Commission - Building an inclusive Europe (CdR 84/2000 fin)¹;

HAVING REGARD TO its opinion on territorial pacts for employment, and the link between them and the European Union's structural policies (CdR 91/99 fin)²;

HAVING REGARD TO its resolution on the implementation of the European Employment Strategy (CdR 461/1999 fin)³;

HAVING REGARD TO its opinion on the Communication from the Commission: Acting Locally for Employment - a Local Dimension for the European Employment Strategy (CdR 187/99 fin)⁴;

HAVING REGARD TO its opinion on the Proposal for a Council Decision on guidelines for Member States' employment policies for the year 2001 and the Proposal for a Decision of the

European Parliament and of the Council on Community incentive measures in the field of employment (CdR 310/2000 fin)⁵;

HAVING REGARD TO its resolution on the partnership principle and its implementation in the reform of the Structural Funds 2000-2006 (CdR 434/99 final)⁶;

HAVING REGARD TO its opinion on the role of voluntary organisations - a contribution to a European society (CdR 306/1997 final)⁷;

HAVING REGARD TO its opinion on the regions in the new economy - Guidelines for innovative measures under the ERDF in the period 2000-2006 (CdR 351/2000 final)⁸;

HAVING REGARD TO its opinion on the structure and goals of European regional policy in the context of enlargement and globalisation: opening of the debate (CdR 157/2000 final)⁹;

HAVING REGARD TO the Communication from the Commission on "strengthening the local dimension of the European Employment Strategy" (COM(2001) 629 final), which stresses that the local dimension of the European employment strategy is conducive to the "third way" approach (social economy), which has the potential to make an important contribution to the creation and maintenance of jobs, for example in situations where the market does not satisfy needs or various social and cultural situations;

HAVING REGARD TO the report of the OECD of November 1998 (DT/LEED/DC(98)2) on social economies in the OECD member states with regard to economic development and the creation of employment at local level;

WHEREAS the European Union calls for the commitment of all actors, including local and regional authorities, to achieving the goal for Europe "to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion";

WHEREAS cities and metropolitan areas are the economic engines, providing the main markets for goods and services. They contain the knowledge that is required to build a dynamic and competitive regional, national and European economy;

WHEREAS employment policies at the beginning of this century are closely related with innovation policies, information society dissemination, social inclusion policies, business creation, and new industrial policies;

WHEREAS this new kind of policy mix requires the reinforcement of the role of local and regional authorities and partnerships with the relevant stakeholders in civil society, such as business associations, educational institutions, different public bodies dealing with employment, NGOs, social economy organisations and civil society;

WHEREAS social cohesion, employment and integrated sustainable local development will need more and more a strong partnership approach involving all stakeholders, the private for-profit sector, the public sector, social economy and organized civil society;

WHEREAS social economy organisations are natural partners for local and regional authorities in development strategies;

HAVING REGARD TO the draft opinion (CdR 384/2001 rev. 2) adopted by Commission 6 on

21 January 2002, for which the rapporteur was **Mr Verkerk** (NL, ELDR – Deputy Mayor of The Hague);

adopted unanimously the following opinion at its 43rd plenary session, held on 13 and 14 March 2002 (meeting of 14 March):

1. Views of the Committee of the Regions concerning the use of partnership and European agendas

1. Towns and cities have tremendous potential. They are the driving forces behind regional economies. They provide a market place for many goods and services and they contain the knowledge and offer the opportunities which are necessary to establish a competitive local, regional and European economy. Cities and metropolitan areas are in a position to make an outstanding contribution towards achieving the objectives set out at the Lisbon Summit, namely that the European Union should "become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion".
2. Employment policy therefore needs to be closely bound up with the following factors: innovation policy; integration policy; entrepreneurship, the information society and new economic sectors. In the light of this new mix of inter-linked policy areas, there is a need to strengthen the role played by local and regional authorities. If this policy-mix is to be exploited effectively, there needs to be proper coordination with the urban partners concerned, such as enterprises, educational establishments, public and private employment bodies, various NGOs and the public.
3. Many European cities and metropolitan areas have already had to contend with major economic and social decline for quite a long period. The decline has often been concentrated in particular districts and neighbourhoods. Although many cities and metropolitan areas, such as satellite towns and suburbs, have benefited from economic growth in recent years and are economically successful, inner cities for example still have enclaves and neighbourhoods with major problems. The phenomena involved here are: relatively high levels of unemployment; the downturn in various sectors of the economy brought about by globalisation; the decline in economic dynamism; and the impact of migration towards towns and cities and the attendant severe problem of integration. These problems accumulate in cities and metropolitan regions and are frequently concentrated in a number of parts of cities or regions. Steps must be taken to prevent parts of towns and cities becoming 21st century urban ghettos.
4. The European Commission's Second Report on Economic and Social Cohesion recognises the existence of these urban problems, acknowledges the role and the powers of towns and cities and identifies urban policy as one of the possible priorities of the EU's future regional policy.

Cities and metropolitan areas do indeed play a fundamental role in promoting poly-centric and balanced socio-economic development in Europe. It is also important that synergy develop between cities and their rural hinterland. Rural areas can for example benefit from the educational and cultural facilities offered by cities and urban areas need the calm and space of the natural environment for relaxation and sports which require space (hiking, surfing, golf, etc.).

5. For the abovementioned reasons every possible effort must therefore be made to tackle these problems, to exploit potential and to seize opportunities. In this context,

partnerships represent effective tools for combining forces at local and regional level. In addition to promoting general economic development, the social economy also provides opportunities for stimulating employment and integration specifically in areas of large towns and cities and metropolitan areas which are lagging behind economically. Both of these issues are examined in greater detail below.

2. Views of the Committee of the Regions on partnerships as a means of promoting territorial social-economic development

Administration (European governance)

1. The Committee of the Regions underlines that partnerships between local and regional authorities, on the one hand, and local and regional partners, on the other hand, can be an important tool for bringing about effective socio-economic development in towns, cities or local and regional areas. Partnerships also provide authorities with an essential tool to help them manage their town, city or region. Partnerships involve both vertical links between authorities at various levels (national, provincial, regional and urban levels) and horizontal links (between towns and cities and their local partners). This form of urban administration is more wide-ranging than the usual form of local authority, which is confined to democratically-elected administrations. Partnerships also represent a form of urban administration which exploits all the various sources of assistance and potential of the respective areas. This involves local and regional authorities calling upon all relevant local and regional bodies. This form of administrative cooperation - at both vertical and horizontal level - ties in with the present-day reality that governments operate against the background of a "network society". Activities are no longer the exclusive domain of particular bodies, to the exclusion of other bodies, but are specifically geared to involving other parties, whilst of course, retaining the responsibilities of the respective bodies.
2. Under the principle of subsidiarity local and regional authorities, in particular, have to play a pioneering role in establishing and mobilising partnerships. Since the leadership exercised by these authorities is based on democratic legitimacy, transparency, coordination and optimal use of all available sources of assistance, local authorities and their partnerships should, in practice, too, naturally be involved in the preparation and implementation of EU policy and activities. They should be involved, for example, in the implementation of e-Europe and EU employment policy. It still happens all too frequently that local and regional authorities have in practice to contend with policies and rules which stand in the way of the effective implementation of EU policy.

Centres of expertise

3. The Committee of the Regions stresses that the quality and effectiveness of partnerships will be enhanced if these partnerships are established on a lasting basis. Long-term contracts, instruction and training and gearing partnerships to the right level and to urban and regional development strategies are very important factors in this context. Smooth-running partnerships may also provide centres of expertise which can make a valuable contribution to EU and national policy in the field of socio-economic development. A number of EU policy areas and activities may be involved here, such as entrepreneurship policy, policy on SMEs, e-Europe, employment policy (with local action plans being particularly important), education (e-learning) and regional policy.

4. The European Commission should promote and finance the exchange and benchmarking of best practice to enable the various forms of partnership to be exploited. This approach would benefit the applicant states in particular. The EU is therefore urged to set up a benchmarking database for partnership and the social economy. The social economy is dealt with in greater detail below. This instrument can facilitate the exchange of best practice between the existing EU Member States and the applicant states.
5. The CoR has set up joint committees with the applicant states to support accession at regional and local level, e.g. via the exchange of knowledge and experience. The joint committees established by the CoR with the applicant states should put specific cooperation on this point on their agendas; they should receive support in the form of EU funding and access to a European database.
6. The White Paper on European Governance should incorporate the abovementioned observations in its final proposals. Local and regional authorities are the very bodies which are closest to the public and therefore have direct contact with local and regional stakeholders. Town, cities and regions must be encouraged to use partnerships as a standard component of their "governance tool kits".

Territorial and strategic development

7. The Committee of the Regions underlines that effective partnerships tend to be those which are based on areas having an underlying socio-economic cohesion. Partnerships can therefore be found at various levels. By way of example, social inclusion projects designed to promote integration and employment are frequently based on one or more interlinked urban districts. Town centre development is often based on the development of the town or city as a whole. Economic potential (offices and industrial estates), the labour market and the housing market are frequently defined in city or regional terms. Both potential and problems existing at a given level may also have an influence on other levels. It is therefore important to be able to implement partnerships in a flexible way. Examples of such flexible partnerships are enterprises providing local services, organisations providing start-up assistance, regional labour-market pacts and tourist products having an economic objective which are linked to multi-cultural communities in particular districts of towns and cities (multi-cultural neighbourhoods, Chinatowns, etc.).
8. Socio-economic conditions also vary at EU level. A flexible approach taking account of the needs of urban areas and/or regions is an important requirement for enabling territorial partnerships to be implemented in an effective way. Flexibility should be demonstrated not only in respect of the management of partnerships but above all in respect of the way in which local and regional resources are used. EU funds may represent one of the available resources. The effectiveness of these funds in relation to the input of the partners is, however, rather restricted by the fact that every fund and subsidy has its own rules and that combining these instruments is highly problematic in practice. This is, however, at odds with the desire for integrated development of backward areas or districts with economic potential, as integrated development requires (subsidy) instruments which mesh seamlessly and are interchangeable. "Untying" means removing obstacles to the exchange between various European subsidies. "Untying" funds therefore offers new opportunities. This is not a way of getting round the rules against combining subsidies but rather a way of making funds interchangeable and flexible, e.g. Objectives 2 and 3.

Another limitation of European funds is the excessive burden of regulation on implementing bodies, which acts and a strong disincentive to the use of these instruments by urban and rural partners. Deregulation is urgently needed, particularly with a view to improving practical ease of implementation.

9. Further research is needed into ways of achieving this greater flexibility. The Committee of the Regions calls for the establishment of an inter-institutional working party (Committee of the Regions, European Commission, European Parliament and Council of Ministers) to monitor this research.
10. One specific point relating to the implementation of funds to stimulate local and regional development is the creation of opportunities for small (start-up) enterprises and small social-economy projects to obtain micro-loans. The Committee calls on the European Commission to expedite these facilities.

2.11 The possibility of using resources deriving from a variety of funds in the form of a lump sum enhances the opportunities for implementing EU policy (e-Europe, employment action plans) in given areas. This could mean, in concrete terms, that Objective 3 resources that cannot actually be used as such could be tapped for Objective 2 projects in the same area. The ultimate goal of EU policy is, after all, to promote economic and social cohesion and to improve the socio-economic performance of given areas.

3. Views of the Committee of the Regions concerning partnerships and social economy organisations

1. Alongside government activity and the traditional market economy, goods and services are also delivered by a "hybrid" with social objectives and requirements. The form this takes varies from one country to another. As definition is difficult we will call it the social economy. The organisations of the social economy are economic enterprises producing products and/or services, but they are not limited companies with share capital.
2. The legal forms of social economy organisations are different from one Member State to the other, but in general these are co-operatives, mutual societies, associations and foundations. Recently there are new forms emerging, some with new legal forms, as social enterprises, general interest co-operatives, responding to new needs such as employment creation, fighting exclusion, or the restructuring of the welfare state.
3. The overall weight of the social economy sector represents - with about 8,900,000 employees in the EU – 6.6% of civil European employment. Present in all economic and social sectors, composed by very big and very small enterprises, it constitutes thus an economic sector of the first rank, with a level of employment comparable to that of a country like Spain.¹⁰
4. The Committee of the Regions emphasises that the social economy is among the essential players at local level. In partnership with the private for-profit sector and the public sector, it contributes to social cohesion, social capital formation, inclusion, employment and enterprise creation at local level.

It should also be borne in mind that partnerships and the social economy at local/small town level also make a contribution at city/regional level.

5. This partnership approach is in line with the conclusions of the Lisbon summit and the principle of subsidiarity, “considering the application of a fully decentralised approach involving actively the Union, the member states, the regional and local levels, as well as the social partners and civil society using variable forms of partnership”, as well with the current employment policy guideline 11 stating “Member States will encourage local and regional authorities to develop strategies for employment in order to exploit fully the possibilities offered by job creation at local level and promote partnerships to this end with all the actors concerned, including the representatives of civil society, promote measures to enhance the competitive development and job creation capacity of the social economy”.
6. This concerns urban areas as also rural areas. At urban level, the main problems to face are fighting against exclusion and criminality, stimulating employment and employability, empowering people and reinforcing local capacities. At rural level there is a need to tackle economic and social desertification, invest in the creation of sustainable enterprises and quality employment, stimulate networking. To face these problems, not only the traditional private for-profit sector and the public sector have to be considered, but also the social economy sector can increasingly give a valuable contribution through its capacity to organise people, develop empowerment and democracy (governance) and create economic and social activity and jobs.
7. The Committee of the Regions stresses that the social economy can make an interesting contribution to local and regional development:
 - social-economy firms are an important partner for local authorities in local development strategies and in building a new local plural welfare. This does not of course prevent the principle of fair play being applied by local authorities or companies from the traditional commercial sector and the social economy competing fairly over the implementation of local development strategies. In particular the social economy can fill a gap in providing social goods and services which are not provided by traditional market operators or government;
 - the social economy adds value to the process of local development and social progress through building local social capital by enhancing trust relations and community confidence, civic engagement and participation in society and by stimulating greater social cohesion reconnecting excluded and marginalised people (e.g. immigrants, the long-term unemployed);
 - through their structural difference to public and for-profit firms social-economy enterprises are an essential part of the plural European social and economic model;
 - the social economy creates social enterprises and a new entrepreneurial culture of the social entrepreneur (OECD), mainly oriented towards the inclusion of marginalised groups of people through active participation and a new approach: combining a new mix of resources (public, market, voluntary work), to create jobs. The social economy can therefore meet where the public sector or the market cannot;

- by organising unemployed people at local level, social-economy organisations help local authorities to transform passive social security and employment benefits into active social investment for sustainable development.

8. The Committee of the Regions stresses that, to strengthen the young and fragile democracies in the CEEC, the development of a strong social economy and organised civil society, e.g. via partnerships, is essential. There is a strong necessity for cooperation and exchange between the EU and the candidate countries.

The Committee also stresses that the need to foster partnerships to develop a strong social economy and organised civil society, and the necessity for cooperation and exchange between the EU and the candidate countries, apply equally strongly to the countries on the southern shores of the Mediterranean covered by the Barcelona process.

9. As a laboratory of social innovation using new technology, the social economy is an important player to handle the digital divide through a more participative approach of NTIC and using the new communication technologies to build e-democracy and e-learning systems at local level.
10. The social economy needs to be recognised and taken into account in economic and social policies with its specificities at European, national and local level. With its capacity to reconcile the economic and the social spheres and by coupling the spirit of entrepreneurship with social purposes, it can combat passive dependency in social welfare systems. This can lead to win-win situations in which public resources for services are supplemented by market and voluntary resources.
11. Specific attention should be paid to the economic and social principles of partnership and socio-economic enterprises in educational curricula and particularly in MBA programmes. Education currently focuses on general economic principles based mainly on traditional economic thinking. In addition to commercial training, the socio-economic manager ought also to receive specific training in break-even and continuity management and the calculation and assignment of the value of the social component. This should be included in the ESF regulations in the context of lifelong learning opportunities, e.g. with a view to establishing training courses in this field.

4. The Committee of the Regions' recommendations to the Council and the European Commission concerning partnerships and the social economy:

1. partnerships should be included in the White Paper on Governance in the European Union as a basic instrument for local and regional governments, together with the express recommendation that all Member States and candidate countries take decisive steps to make use of partnerships to promote territorial economic development, social cohesion and the social economy;
2. the European Commission should set up a database of partnership and social-economy best practice, from which the applicant states can also benefit, and promote and finance the bilateral or group exchange of best practice in respect of partnerships at local and regional level, e.g. via the CoR's joint committees;
3. an article should be included in the Guidelines for Member States' Employment

Policies with regard to Local Employment Action Plans, with a view to enabling the formation of partnerships to be entered as an item of expenditure and enabling the time invested in this work by local authorities to be eligible for compensation. Guideline 11 should be amended accordingly and its relevance for all four pillars must be better recognised in the guidelines for 2002 and subsequent years;

4. legislation and regulatory restrictions have an important impact, giving more or less favourable frameworks to the emergence of new initiatives like social enterprises. A benchmarking approach would be suitable. Therefore structures and adapted financial mechanisms (including the granting of micro-loans) supporting these often micro-initiatives must be developed at European, national and local level;
5. partnerships should be used as centres of expertise and involved at an early stage when EU and national policy is being prepared and it should likewise be recommended that partnerships be exploited in this way in both Guideline 11 of the Employment Guidelines and the Structural Funds Regulation;
6. an approach based on flexibility, the untying of funds and deregulation, aimed at creating a viable situation for local partners, should be adopted when distributing EU funding (Objectives 1, 2 and 3) in order to facilitate spatial development in towns and cities in respect of both the exploitation of potential and the tackling of problems. The European Commission is urged to devote further study to ways of achieving greater flexibility and to the lump-sum concept. An inter-institutional working party should be set up to this end. The Structural Fund rules for 2007-2013 should be adapted accordingly;
7. the social responsibility, the local management and the territorial principles of social economy enterprises make them a model for sustainable development. Therefore they need to be embedded in territorial development policy frameworks, at European, national and local level;
8. transferring the good practices of local partnership, especially with social economy organisations to the candidate countries, to strengthen social cohesion, employment creation, governance and democracy;
9. educational curricula in the Member States should devote attention to the principles of the social economy and partnerships. Such education, and the establishment of curricula and training programmes for that purpose, could be financed under the heading of lifelong learning.

Brussels, 14 March 2002.

The President

of the

Committee of the Regions

The Secretary-General

of the

Committee of the Regions

Albert Bore

Vincenzo Falcone

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N.B.: Appendix overleaf.

Social Economy : A European overview

APPENDIX

to the

OPINION

of the Committee of the Regions

on

Partnerships between local and regional authorities and social economy organisations:

contribution to employment, local development and social cohesion

Rapporteur: **Mr Bas Verkerk** (NL, ELDR – Deputy Mayor of The Hague)

Definition and importance of the social economy

The social economy is expanding and assuming an increasingly important role in European societies. The legal forms of social economy bodies differ among Member States, but in general, the sector comprises organisations such as co-operatives, mutual insurance societies, associations and foundations. Over 8.3 million people work in these organisations and one of five Europeans is a member of one of them. They are present in all economic and social sectors. Social economy businesses differ from traditional private companies in that they are not profit-oriented, they are based on the commitment of individuals, they are open and transparent in their management, democratic and based on participation. Associations of active citizen responding to local needs, social economy enterprises are locally rooted and based on cooperation and networking more than

on competition. Today social economy is an increasing sector, with an average of 10% growth compared to big enterprises which are reducing employment or SME with only 0.1% increase mainly in the area of micro-enterprises.

Even if the concept of social economy is not recognized or currently used in all EU Member States, its main components exist in all European countries and count in the national economies.¹¹

Austria

In Austria, there exists an important number of co-operatives, mutuals and associations, but a common concept as third system or social economy isn't really established. The associations or non-profit sector in Austria covers 80,000 organisations with 190,000 people employed (8% of employment) and 1.5 million volunteers. The co-operative sector is divided in "general interest co-operatives" and economic co-operatives (Raiffeisenbanken, Volksbanken...). Concerning the mutuals, one needs to mention the "Wiener Städtische" with an employment of 4,000 people. Even if there is not a common concept, the Austrian "social economy" counts for more than 250,000 employed, it is mainly the non-profit sector with has a certain development, whereas the co-operative and mutual sector is stable or decreasing.

Belgium

The concept of social economy has officially been adopted in 1990. Since the last election in 1999 there is a minister in charge of social economy at national level. Belgium has adopted the following definition: "Social economy is composed by economic activities done by businesses, principally co-operatives, mutuals, and associations which ethics are defined by the service to their members or the community instead of profit, autonomy in the management, democratic decision-making, people and work centred and not based on capital for distribution of revenue".

It is the association sector which is the most important and most growing, 226,280 employments, with social care 40% and health 28% and a medium increase of more than 20%. Co-operatives count for 34,000 jobs more or less stable the last ten years. There is a new movement around work integration co-ops and in the recycling sector, but these enterprises are mainly micro-enterprises, they count nevertheless for around 50,000 jobs. The traditional mutual sector is very important in Belgium, as it is managing part of the compulsory social security system. It counts for 11,475 jobs. Today there is a growing political interest in this "third sector" mainly in new sectors, like proximity services, the environment, inclusion and the NTICs.

Case study: BIPAsS

<p>Description of the initiative</p>	<p>The BiPAsS is a cooperative based in Bruxelles – Belgium – bd. Leopold II, 99.</p> <p>The cooperative was created in 1994, following the initiative of three associations active in the field of vocational training, with the support of the Regional Ministry for Economy.</p> <p>The field of activity of the Association is the work-insertion through activities in IT devices maintenance.</p> <p>The target group is mainly represented by young unemployed with low qualification and long-term unemployed, with a prevalence of persons of foreign origins.</p>
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<i>Innovation aspects</i>	<p>The innovation aspect lays in the way the function of work-insertion is accomplished.</p> <p>The Cooperative acts as a gate-away to the classic labour market; the average permanence of the employees in the cooperative is of about one year.</p> <p>Thus the cooperative has managed to work with a relevant turnover, acting on a not-sheltered market.</p>
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<i>Aspects of the partnership</i>	<p>The relationships with the Local Authority have to be considered under two points of view.</p> <p>At regional level, the cooperative benefits from financial subventions in the framework of regional rules on insertion enterprises.</p> <p>At Municipal level, the cooperative is in a situation of tension: being an insertion enterprise, it is required by the Local Authorities to assume responsibilities in social problem-solving, while the cooperative considers itself as an economic project more than a social project.</p>
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Denmark

The “third sector” is a relatively new concept in Danish vocabulary which is becoming more used parallel to “civil society”, meaning social associations and voluntary organisations. It doesn’t include co-operatives. Thus the social economy concept is not widespread. It has only started recently in the political debate, following the Swedish example. Nevertheless, if one takes the different components, co-operatives count for 77,880 employments, associations for 79,800, together 5.5% of the labour force. New grass-roots organisations are emerging mainly in work integration and international development.

Spain

The concept of social economy has been introduced in Spain in 1989 and has integrated scientific research and Universities, legislation and policy (there are Administrations at regional and national level in charge of social economy, as there are several legal references to the social economy) and the Spanish social economy has structured itself in an employer federation, CEPES (Confédération Espagnole des Entreprises d’Economie Sociale).

In Spain the social economy enterprises, which are the most significant from the job creation point of view, are worker co-operatives and worker-owned share companies (SALES) with more than 300,000 jobs. The social and education co-operatives (28,450 jobs) have the highest growth rate. One needs also to mention the Mondragon group, integrating a Bank, an industry group, a

distribution group and a mutual, all together 37,500 workers. In the association sector, the most important organisation is ONCE for blind people. All together the social economy in Spain counts for 807,500 jobs, 9% of Spanish employment. The Spanish Presidency of the EU will organise the 8th European Social Economy Conference, in Salamanca, on 27 and 28 May 2002.

Finland

The common understanding of the concept of social economy or third system in Finland is that it concerns mainly associations which count for 3% of employees in this country. Nevertheless Finnish Co-operatives which traditionally are not counted in the social economy are Finland's second biggest employer. There is also an increasing number of social enterprises and work integration co-operatives. These new small social economy enterprises have increased substantially more than other SMEs during the last five years. All together, social economy counts for 7% of the total Finnish labour force.

Case study: SÅKA BYAGÅRD/SOKOYAN KYATALO

<i>Description of the initiative</i>	<p>The Saka Byagard/Sokojan Kylatalo – The day care centre/village house - is an association based in Karleby– Finland – Gamla Skrabbvagen 12</p> <p>The association was created in 1990 by a wide local informal network, comprehending almost all the villagers, inspired by four women.</p> <p>The field of activity of the Association is mainly the home assistance and the child care, with a part of activity dedicated to the rehabilitation.</p> <p>The target group is mainly represented by children, young people and the elderly.</p>
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<i>Innovation aspects</i>	<p>The innovation aspects are mainly related to the kind of organisation supporting the association.</p> <p>The association has a wide social support out of which it took the resources for the starting- up.</p> <p>Regarding the reasons for the creation of the association, it is remarkable that the association intervened to cover a lack of services at the village level, no longer available from the public authority.</p> <p>Thus, the case can be seen as an interesting case of self-determination and social participation.</p>
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<i>Aspects of the partnership</i>	<p>The relationships with Local Authority are based on two main aspects.</p> <p>First, the town entered in the association with a percentage after the starting-up of the association; thus, presently the Town owns 30% of</p>
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the initiative.

The second aspect is the sale of services to the Municipality, on the basis of a form of **contracting-out** for the providing of services for children and elderly, in the framework of the Association activity.

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France

The concept of social economy is of French origins. If the social economy sector covers more or less co-operatives, mutuals and associations with an economic activity, it is defined by specific by-laws but also by organisation and objectives. The sector has for the first time defined a charter of common values in 1980. In France the sector counts for 1.6 million jobs, 7% of the French labour force, 80% of which are in the association sector. Between the new activities of French Social economy, there are the work integration enterprises and activities in the social and cultural sector at local level and micro-activities at territorial level (proximity services). Since two years, France has a Minister for Social and Solidarity Economy. In July 2001, France innovated by creating the first legal framework for multi-stake co-operatives with a community interest aim (SCIC). This new statute has been created to facilitate social economy and local authority partnership in local development.

Case study : GAGNER

Description of the initiative	<p>The GAGNER is a Territorial Collectivity (<i>Collectivité Territoriale</i>) based in Roubaix – France – rue Saint Jean 90.</p> <p>The GAGNER was created in 1991 following an initiative of the Municipality of Roubaix, which is the manager of the initiative in the framework of the Local insertion plan.</p> <p>The fields of activity are the management and the development of insertion activities in different ways. This activity is set in the framework of the general development of the town.</p> <p>In fact, Gagner works as an interface between different groups acting on the local labour market and is the interlocutor for finance providers and different operators.</p> <p>The target group is represented by all the public. More in particular unemployed, long-term unemployed, persons with low qualifications, social aid takers, young people, young people from disadvantaged areas, homeless, challenged people, drug-alcohol addicts, former prisoners, women, single parents, immigrants.</p>
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Innovation aspects	<p>The innovation aspect is related to the background of the initiative.</p> <p>Through Gagner it was set up a sole interlocutor for the public finance providers and for the subjects acting in the field of work insertion.</p> <p>Moreover, Gagner has the possibility to intervene in the Commission for Public Tenders, in order to verify the coherence, in terms of work insertion, of the proposals presented to the Commission itself.</p> <p>At European level, Gagner developed the concept of exchange of best practices in the field of insertion.</p>
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Aspects of the partnership	<p>The relationships with the Local Authority are essentially oriented by the fact that the Local Authority is the promoter of the initiative and contributes directly in terms of financing for the activity.</p>
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Germany

There is no common acceptance of the concept of Social Economy in Germany. Nevertheless the different components as defined at European level are strongly developed in Germany. The non-profit sector is characterized by very big voluntary welfare associations (Wohlfahrtsverbände) which employ more than 1.12 million people. Even if in general the sector is depending mainly on public financing, many self-help groups are also members in one of these welfare associations (about 35,000 groups) based on own resources and voluntary efforts. The welfare associations are also taking part in social enterprises or employment initiatives but they are not at the political agenda like in other countries.

Concerning the co-operative sector, particularly developed in traditional professions like agriculture, handicraft and banks, there are recently some new evolutions in the area of social care and proximity services. The whole sector counts for 495,000 employees. Mutuels count for 150,000 jobs. All together the weight of the social economy in Germany is around 7% of German workforce.

Case study : PFEFFERWERK gGmbH

Description of the initiative	<p>The Pfefferwerk gGmbH is a charity based in Berlin – Germany – Fehrbelliner Str. 92.</p> <p>The charity is employing more than 200 people and constitutes one of the major local employers.</p> <p>The association was created in 1991 by the pre-existing Pfefferwerk</p>
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association, created the year before by a wide network of small groups, social and ecological initiatives, artists and craftsmen of the area.

The **fields of activity** of the Association are the child care, accommodation improvement, development of local culture, environmental activities.

The **target group**, related to the kind of activity carried out, is represented by all public at the widest extent at the neighbourhood level.

Innovation aspects

The **innovation aspects** have to be seen in the networking model, with the participation of differing social groups.

Under the point of view of the realisations, the association works for the creation of integrated services for all the population.

Aspects of the partnership

The **relationships with the Local Authority** are based on the entrusting of services to the association, on the basis of a **market or quasi-market criteria**.

The procedures are differing depending on the kind of service required.

Under the point of view of the contributions for job creation, the association applies directly to the Berlin senate.

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Greece

It is not far from the truth to say that social economy has not yet been precisely defined in Greece. In the past there has been no contact between co-operatives, mutual societies, associations and foundation, even if these categories do exist. With the encouragement of the European Commission, a National Union of Organisations of Social Economy (PANCO) was established with the aim to elaborate an inventory of the social economy organisations existing in the country. At this stage only a very rough quantitative assessment can be made, counting the Greek social economy around 2% of total employment. In 1999, Greece has innovated its co-operative law by creating the rules to be applied for social-co-operatives in the frame on development and modernization of services regarding mental health.

Ireland

There is a strong tradition on non-profit organisations in Ireland. They play a very significant role in the provision and delivery of health, education and personal social services. The weight of this sector is estimated around 118,000 jobs, where the educational sector counts for more than the half.

The co-operative movement has also a long history, with a first dairy co-op in the late 19th century. Today it is still the agricultural sector where co-operatives are significant (35,000 jobs), non-agricultural co-operatives are not quite important apart from the Credit Union movement (435 registered credit unions). The voluntary and community sector is becoming increasingly important (500 organisations). Local partnerships and social enterprises are seen in Ireland as constituting a distinct sector related to social economy issues. They have emerged and grown in the context of specific public programmes to address social exclusion and to promote “bottom up” development. There are around 100 local partnerships and social enterprises are categorized as work integration enterprises.

In Ireland the terms "social economy" and "social enterprises" have become part of the policy discourse only since the mid 90s. The social economy is part of the “Partnership 2000 for inclusion, Employment and Competitiveness”.

Italy

The Italian Social Economy is dominated by the co-operative sector with more than 30,000 enterprises and a workforce of more than 0.5 million. Labour co-operatives and social co-operatives carry a particular weight in this reality. In the mid 90s was formed in Italy the “Permanent Forum of the Third Sector” where the majority of Italian non-profit organisations are participating. The organisations in the non-profit sector as a whole in Italy are employing about 420,000 people, mainly concentrated in the fields of welfare services (33%) and education and research (28.5%). There are two phenomena to be underlined in Italy. On one side the development of social co-operatives, on the other side the recent banking foundations. Social co-operatives, regulated by law since 1991 (first law), represent the most original legal form of the Italian Social Economy as they represent its “social entrepreneurial” component. There are two types, social service co-ops and social integration of disadvantaged co-operatives. From several hundreds in the early 90s, they count today for more than 6,000 enterprises with around 80,000 jobs. Banking foundations arise from the privatisation of public saving banks. They number around one-hundred with EUR 35 billion of assets and will essentially focus their operations on the achievement of the “purposes of social usefulness”. They are becoming the largest single group within the non-profit making sector in Italy.

Case study : INTEGRATED SERVICES CENTRE FOR IMMIGRANTS SET UP BY THE REGIONAL FEDERATIONS FOR WORK AND SOLIDARITY

<p><i>Description of the initiative</i></p>	<p>The Centro Servizi Integrato per Immigrati – Integrated Services Centre for Immigrants – is an association based in Genova – Italy – Via Milano 42.</p> <p>The association was created in 1992 following an initiative of the Federazione Regionale Solidarietà e Lavoro (Regional Federations for work and solidarity), The Immigrants Co-ordination Committee, the Municipality of Genova and the Trade Unions.</p> <p>The field of activity is represented by services of social secretariat, first welcome, legal counselling, work orientation and insertion,</p>
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	housing problems' counselling, information and promotion of the right to education, cultural mediation.
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	The target group of the activity of the Centre are Immigrants and Minorities living in the town of Genova.
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<i>Innovation aspects</i>	<p>The innovation aspects related to the activity have to be seen essentially in the setting-up of a service in favour of immigrants, aiming at bettering their social integration.</p> <p>Moreover, the activity has a function of reduction of social tension and disorder and of reduction of illegal work.</p> <p>Under the organisational point of view, the initiative accomplishes a networking between different subject dealing with immigration problems from both the third system and the public authority.</p> <p>Another relevant innovation aspect is related to the employment created by the association: the employees are in fact mostly immigrants, and the director of the Association is actually an immigrant.</p>
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<i>Aspects of the partnership</i>	<p>The Local partnership is based on a form of mixed management.</p> <p>As said, the Municipality was among the creators of the initiative and provides the total economic support.</p>
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Luxembourg

Since the beginning of the 90s, the concepts of third sector and social economy get a stronger echo inside the Luxembourg society. Nevertheless public policy in favour of this sector isn't developed. The non-profit sector is strongly depended on public subsidies covers the main areas of social services. There are around 5,000 jobs in this sector. Co-operatives are mainly linked to agriculture, where they are an essential player. There are also co-operatives in the banking sector and some consumer co-ops. All together co-operatives count for some 2,000 jobs (1.2% of employment). Mutuels are complementary to the social security system, and count for 2% of all social security interventions in Luxembourg. The most dynamic part of the social economy in Luxembourg are associations and co-operatives for social and job integration of marginalized groups.

The Netherlands

Neither the concept of “third sector” nor that of “social economy” is commonly used in the Netherlands. Today the main legal tools to perform “social economy” activities is the “stichting” or

foundation, the “vereniging” or non-profit association and the “coöperatieve vereniging” or co-operative association. Estimating these forms together, the social economy in the Netherlands accounts for more than 14% of the employment and is one of the largest in the world. Some 86% of these jobs are found in the non-profit sector. Between significant examples of Dutch social economy are the co-operative bank “Rabobank” one of the main banks in the Netherlands which was a social economy company in the beginning but it is nowadays a 100% profit commercial bank, and the housing associations which own 2.4 million rental housing units for the so called social sector out of a total of 3.2 million units. More recently there are new forms of social entrepreneurs emerging in the so-called neighbourhood economy.

Case study : BUURTBEHEERBEDRIJVEN (Neighbourhood enterprises)

Description of the initiative	<p>Neighbourhood enterprises came into being in the 1990s. There are now ten such enterprises in The Hague which provide work for some 550 people.</p> <p>The aim of neighbourhood enterprises is to employ long-term unemployed persons to carry out small-scale back-up projects to enhance the quality of life in closely defined parts of town or cities (one or more districts). The work involved supplements the basic services provided by local authorities.</p> <p>Examples of such work are. The administration of local facilities (such as neighbourhood parts and urban recreational farms for children); additional street cleaning and cleaning of industrial sites; removal of dog mess; and the upkeep of doorways; and the maintenance of street furniture and green spaces.</p>
Innovation aspects	<p>Since neighbourhoods themselves take the initiative to set up neighbourhood enterprises and in view of the fact that the enterprises are managed in the areas in which they operate, such enterprises help to step up the level of involvement of local residents in looking after living conditions and the quality of life in their neighbourhoods.</p> <p>These enterprises have a positive impact on the actual quality of life (work carried out under such schemes would otherwise not be carried out). Furthermore, neighbourhood enterprises provide work for long-term unemployed persons who have no chance of finding jobs on the ordinary labour market because they suffer from handicaps such as social and psychological problems, alcohol and/or drug-related problems or an inadequate level of education.</p>
Aspects of the partnership	<p>Neighbourhood enterprises are self-governing bodies.</p> <p>The initiative for setting up such enterprises comes from the public.</p> <p>These enterprises thus differ as regards size and also as regards the work they undertake.</p> <p>For the first three years after they have been set up, neighbourhood enterprises receive start-up grants from local authorities. After this period they have to rely on commissions to pay their way. These</p>

ventures appear to be successful in practice. In addition to local services, key customers of the neighbourhood enterprises include housing corporations.

Most of the employees of neighbourhood enterprises – approximately 80% - are employed under the "I/D employment scheme". Under this (national) scheme, non-profit-making establishments working in the field of administration and care services can have their wage costs reimbursed if they employ long-term unemployed persons. It is therefore important that neighbourhood enterprises do not compete with commercial firms so that there can be no question of distortion of competition. In practice, neighbourhood enterprises therefore only take on work which is not a commercially attractive proposition.

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Portugal

The concept of social economy has been debated a lot in Portugal following the definition of social economy established by the European Commission in 1989. In Portugal social economy organisations cover the following entities, co-operatives, private institutions for social welfare, mutual societies, misericordias, other non-profit associations. It is estimated that co-operatives employ 50,000 people, they are non-profit making and self-supporting. The most important growth in the sector is in the field of education and welfare services. An important and very particular part of the Portuguese social economy are the private institutions for Social Welfare (IPSS). They are organised in different legal forms, as social welfare associations, associations of social volunteers, mutual societies, social welfare foundations and misericordias. There exist around 3,000 of these IPSS. As far as funding is concerned, the IPSS are supported by the State, either by means of co-operation agreements or by occasional grants. The historical misericordias (mainly religious associations) are providing assistance in the fields of health and social aid. 13,000 people are working in this type of associations. All together, social economy is estimated as counting between 3 and 4% of Portuguese employment and being an essential player in the field of social welfare.

Sweden

In the last years, the concept of social economy has achieved a certain legitimacy. In 1994 for the first time an Institute for Social Economy was established in Sweden (Östersund). Social economy organisations have been an explicit target group in several of the Swedish EU Structural Fund programmes because of their recognized contribution to new enterprises and new jobs. In the year 2000, the Government published a study on the social economy and nominated a Minister for Social Economy. Finally, Sweden hosted the 7th European Social Economy Conference in Gävle, June 2001.

The Swedish social economy is based on organisations/enterprises that adopt one of two legal models, "ideel förening" corresponding to a non-profit organisation or "ekonomisk förening", which are mainly co-operatives. There are around 100,000 associations in Sweden, 25,000 with some economic activities. There are 16,000 co-operatives in Sweden of which 11,000 are housing co-operatives. Social economy represents approximately 5% of total employment in Sweden. There are some new emerging co-operative sectors, like social co-operatives (e.g. parents co-operatives for

child care), village co-operatives, insertion enterprises or multi-stake co-operatives. Concerning the non-profit sector, the sport associations and the popular education movements count strongly in the Swedish social economy.

Case study : PARENT COOPERATIVE Ö-BARNA

Description of the initiative	<p>The Parent's cooperative Ö-Barna is a cooperative based in Nordero – Ostersund – Sweden.</p> <p>The cooperative is an economical association created in 1990 by an informal network of parents.</p> <p>The field of activity of the cooperative is the child care.</p> <p>The target group is represented by members' children.</p>
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Innovation aspects	<p>The innovation aspects are essentially related to the attitude of the cooperative towards children; it means that each child is regarded for his own attitudes and needs.</p> <p>Moreover, related to the creation, the cooperative represents an attempt to replace a service formerly directly provided by the Municipality.</p>
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Aspects of the partnership	<p>The relationships with the Local Authority are limited to the allowances provided under the local rules, and to a generic good attitude.</p> <p>The Municipality provided with a grant and in-kind contribution for the starting-up.</p>
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UK

There is no legislation specifically for social economy organisations which are registered under a variety of legislation (provident society, company law, friendly societies, charities...). The UK social economy includes co-operatives, mutuals, voluntary organisations, charities, community business, LETS schemes and social firms.

The co-operative sector is still dominated by consumer co-operatives with their roots in last century's initiatives of the Rochdale Pioneers, but other sectors do also count like agricultural co-operatives, worker co-operatives, the Co-op Bank. A remarkable part of the UK social economy are the Credit Unions. There are more than 600 community based CUs in Britain. Overall co-operative employment is around 130,000 jobs. UK has known an important wave of demutualisation so that the mutual sector is less and less important. There are nevertheless still some 270 friendly societies,

which provide health insurance for their members. The 90s saw an extremely high level of growth of the voluntary sector rising to around 12% of national employment. Between new initiatives social firms and community enterprises need to be underlined. There has been considerable interest by local government, hospital trust and voluntary organisations in forming social firms providing jobs for people with disabilities or social handicaps. Community businesses enjoy cooperative principles since the community are member owners with democratic control rights. They proved being highly effective in local regeneration through motivating and supporting local communities in providing services and creating new development opportunities. There are around 450 community businesses providing 3,500 jobs.

Since July 2001, the UK has a Secretary of State responsible for social enterprises and social economy, showing a growing interest in this sector.

Social Economy and the European Institutions

Since the end of the seventies, mainly due to the support of the European Parliament and the Economic and Social Committee, a progressive recognition of social economy enterprises has taken place (reference of documents PE, CES, CE in footnotes). It was in January 1990 that the Commission established for the first time a “Social Economy Unit” following a first communication from the Commission to the Council “Social Economy enterprises and the realisation of the internal market without borders” (December 89). The proposition of European statutes for the European cooperative, the European association and the European Mutual were published in March 1992. In 1990 the European Parliament creates the “Social Economy Intergroup” and the Economic and Social Committee creates the category “Social Economy”. In November 1997, in the framework of the Luxemburg Summit on Employment and the new coordination of the employment policies, employment guidelines are adopted and the role for local development and employment of social economy enterprises is recognized.

In 1998, the Commission published a Communication on “The promotion of voluntary organisations and foundations in Europe” and in 2001 the Commission drafted a working document on co-operatives.

⁹ OJ C 148 of 18.5.2001, p. 25

¹⁰ See « The enterprises and organizations of the third system in the European Union » CIRIEC, year 2000

¹¹ This overview, prepared by **Mr Rainer Schlüter**, expert of Commission 6, is based on the publication “The enterprises and organisations of the third system in the European Union” CIRIEC year 2000.

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