

## **BACKGROUND INFORMATION**

**EP's Social Economy Intergroup public hearing on**

# ***An EU legal framework for social economy enterprises and organisations***

**Wednesday 23 September, from 13:00 to 15:00**

**European Parliament, room A1E2**

### **An EU legal framework for social economy enterprises and organisations:**

The European Social Economy is formed of cooperatives, mutual societies, associations, foundations, paritarian institutions and social enterprises. In order to strengthen the development and visibility of social economy enterprises and organisations and to develop its full potential in terms of quality jobs creation, sustainable and inclusive development and social cohesion; the European Commission should present a clear roadmap to develop a European legal framework recognising the specific features of all social economy enterprises and organisations.

There are 2 million social economy enterprises and organisations in the European Union, representing 10% of all the European enterprises. More than 11 million people, about 6% of total EU employees, work for social economy enterprises. The lack of legal recognition at the EU level of most social economy enterprises –particularly mutual societies, foundations and associations, that doesn't benefit from a European legal framework- represents an important barrier to the development of the sector all over the European Union, including in EU Member States with little presence of social economy enterprises and organisations. Social economy enterprises should be allowed to operate in the internal market on equal footing with other types of enterprise.

Such an EU legal framework will allow recognition of the specific features of mutual societies, associations and foundations that doesn't benefit from a European legal framework, increase awareness and visibility of the functioning (democratic governance, reinvestments of the essential surplus etc.) and added value of social economy enterprises and organisations. It will also enable cross-border cooperation between EU mutual societies, associations and foundations (via a legal structure respectful of social economy principles), and allow all social economy enterprises to consolidate/regroup without giving up their legal form, shared principles and specific features.

On 22 July the Council of the European Union adopted the Statute for a European Cooperative Society, which “allows the creation of new cooperative enterprises by natural or legal persons at European level” and “ensures the rights of information, consultation and participation of employees in a European cooperative society (SCE)”. Although there is room to improve this legal framework for European cooperatives, in line with Cooperatives Europe concrete proposals, this statute is a good example to develop a European legal framework for mutual societies, associations and foundations.

Countries with national or regional laws on Social Economy (with an inclusive approach to all social economy enterprises and organisations), such as Spain, Portugal, France (with national laws on Social Economy), and Belgium (with regional laws), should be taken as an example by EU institutions to improve legal recognition and visibility of the social economy enterprise model, Social Economy’s principles and shared features.

In conclusion a European legal framework will improve the legal ecosystem in which social economy enterprises and organisations operate, by proving them with the same legal instruments as other forms of enterprise.

### **Social Economy in the European Union**

Social economy enterprises are economic and social actors active in all the economic sectors. They are characterized principally by their aims and by their distinctive enterprise model. Currently, Social Economy represents a different type of entrepreneurship.

Social Economy is formed of: cooperatives, mutual societies, foundations and associations, as well as newer forms like social enterprises.

There are 2 million social economy enterprises and organisations in the European Union, representing 10% of all the European enterprises. More than 11 million, about 6% of total employment, work for social economy enterprises.

Social economy enterprises and organisations are particularly active in certain fields such as social security, social and healthcare services, insurance, banking, renewable energies, education, training and research, tourism, renewable energies, consumer services, industry, agrifood, handicraft, building, cooperative housing, associated work, as well as in the domains of culture, sport and leisure activities.

Social Economy is a highly innovative sector, developing new initiatives to meet today’s new challenges: rise of inequalities, sustainable development, population ageing in Europe, social exclusion etc. Social Economy, is contributing to several key EU objectives, such as the achievement of a smart, sustainable and inclusive development; quality employment creation and retention, social cohesion, social innovation, local and regional development, international cooperation and development, environmental protection etc.

The legal form social economy enterprise or organisations may take varies from one Member State to another. However Social Economy is distinguished from capital-based companies by shared principles and common characteristics, in particular:

- ***Primacy of people and of the social objective over capital***
- ***Democratic control by the membership<sup>1</sup>***
- ***Voluntary and open membership***
- ***The combination of the interest of members/user and/ society (general interest)***
- ***The defence and application of the principles of solidarity and responsibility***
- ***Autonomous management and independence from public authorities***
- ***Reinvestment of the essential surplus to carry out sustainable development objectives, services of interest to members or of general interest***

The Social Economy:

- is founded on the principles of solidarity and collective involvement in a process of active citizenship.
- generates high quality jobs and a better quality of life, and offers a framework suited to new forms of enterprise, work and responsible consumption.
- plays an important role in regional and local development and social cohesion
- is socially responsible
- is a factor of economic democracy
- contributes to the stability and pluralism of markets
- Contributes to key European Union's priorities and strategic objectives, such as: smarter, sustainable and inclusive development, social cohesion, full employment and the fight against poverty, participatory democracy, better governance, sustainable development etc.

The Social Economy is considered as “cornerstone” of the European Social model.

## **The European Parliament's Social Economy Intergroup**

The European Parliament's Social Economy Intergroup was created in 1990, and has established an impressive track-record as a platform and facilitator of the Inter-Parliamentary dialogue, as a linking pin between the Social Economy sector and the MEP's.

Thanks to the support of 80 MEP's, from 6 political groups, the Intergroup has been re-launched for this eight European Parliament's mandate.

The EP's Social Economy Intergroup is co-chaired by Jens Nilsson (S&D, SE), Ramón Luis Valcárcel (EPP, ES), Beatriz Becerra (ALDE, ES), Marie-Christine Vergiat (GUE/NGL, FR), and Sven Giegold (GREENS/EFA, DE). The Vice-Presidents of the Intergroup are Sofia Ribeiro (EPP, PT) and Elena Gentile (S&D, IT).

The main purposes of the European Parliament's Social Economy Intergroup are:

- To promote the exchange of views on the policies and legislation related to the Social Economy
- To constitute a regular dialogue between MEPs and social economy actors
- To ensure that the European Institutions take into account the importance of the European Social Economy, in the implementations of EU policies.

### **Social Economy Europe: the EU-level organisation for the Social Economy**

Social Economy Europe (SEE) is in charge of the secretariat of the European Parliament's Social Economy Intergroup.

Social Economy Europe was set up in November 2000, under the name of CEP-CMAF. Cooperatives, mutual societies, associations, foundations deemed it essential to establish a permanent dialogue on European policies that are of common interest.

Social Economy Europe defends the general interest of the European Social Economy formed of: cooperatives, mutual societies, associations, foundations and newer forms like social enterprises.

SEE believes that social economy enterprises and organisations contribute to a more diverse, democratic, cooperative and responsible economy. The Social Economy can contribute to face major economic, social and environmental challenges, through social and environmental innovation. Social economy demonstrates that another economy is possible.

SEE members are:

- EU organisations representing the Social Economy families
- EU national umbrella organisations representing the Social Economy
- EU networks promoting and supporting the social economy enterprise model