

GREEN DEAL AND SOCIAL ECONOMY: Issues and perspectives

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POLICY PAPER | FEBRUARY 20
Social economy



UNDERSTAND TO ACT

POLICY PAPER

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APPEAL

The European Union aspires to become the first climate-neutral continent by 2050. In response to the environmental emergency, the European Commission, chaired by Ursula von der Leyen, has presented its Green Deal. It consists of an ambitious set of measures aimed at initiating a sustainable, fair and inclusive ecological transition.

This Green Deal is a new growth strategy for the European Union which promises to reconcile emission reduction with job creation through innovation. All sectors of the economy must be reformed together in order to ensure that the objectives set can be achieved (energy, buildings, industry, transport, etc.). This beneficial and necessary paradigmatic change will profoundly impact the current system and will stand for the destruction of jobs among vulnerable groups and the creation of new branches requiring specific training and know-how.

While the Commission "*intends to leave no one or any region behind*"¹, the question arises as to which branch of the economy is capable for proposing inclusive solutions to the major future transformations in the labour market. A significant part of the answer lies in the investment and development of the social and solidarity economy (SSE) sector.

This sector, too often invisible, represents 10% of European Gross Domestic Product (GDP) and employs 6.3% of the EU's working population². Bringing together a set of structures based on "*common values and principles (solidarity, social utility, cooperation, local anchorage), this economic model is intended to serve society and citizens: the structures that are part of it are not aimed at personal enrichment but at sharing and solidarity for an economy that respects human beings and their environment*"³.

While we welcome the fair and inclusive nature of the transition promoted by the Commission, we regret that the SSE is not directly and specifically mentioned in the Green Deal and especially since the President of the Commission has expressed the hope that a "*European action plan for the social economy aimed at fostering social innovation*"⁴ will be drawn up in the mission letter addressed to the Commissioner for Employment and Social Rights, Mr Nicolas Schmit.

The development of the SSE is necessary for a truly inclusive transition to be achievable. Complementary and in synergy with the circular economy, it is essential for the ecological transition and will be crucial to ensure the inclusion of those most affected by this change. The SSE is an economic model that is by nature an actor of social transformations and ecological transition.

Therefore, we call on European political actors to recognize the SSE as an indispensable economic sector for achieving an inclusive ecological transition. The latter must henceforth receive financial and legal support in the Commission's initiatives. In return, it is essential to see in the Employment and Social Right Commissioner's Action Plan a direct link between the strengthening of the social economy and the objective of ecological transition.

Finally, the European structural funds must play an active part in the development of the social economy at the service of the ecological transition by virtue of the importance of their budgets and their links with regional territories.

CONTEXT

To address the environmental emergency, the European Commission has launched the new Green Deal. It aims to transform Europe into a climate-neutral continent by 2050. Commission Vice-president Frans Timmermans, in charge of this Green Deal, must raise the objective "*to include the first European climate legislation within 100 days in order to anchor the objective of carbon neutrality by 2050 in the law*"⁵.

On December 11, 2019, the President of the Commission submitted the Green Deal to MEPs. The list of "*50 actions for 2050*" focusses on 7 main areas of action⁶:

1. Clean, carbon-free **energy**.
2. A sustainable **industry**.
3. A cleaner **construction** and renovation sector.
4. Sustainable **mobility**: The promotion of more sustainable means of transport (e.g. piggyback transport).
5. Preserved or restored **biodiversity**.
6. Ensuring a more sustainable **food chain** - from agriculture to consumption - with the Farm to Fork (F2F) project.
7. Elimination of **pollution**.

In order to achieve the ambitious intermediate target of reducing greenhouse gas emissions by 55% by 2030, the Commission has unveiled some key measures. For example, it wants to extend the carbon cap-and-trade system to the air and maritime sectors but also to introduce a carbon tax at the Union's borders.

The European Green Deal is intended to be a new model of growth for the Union. The environmental objective also translates into an economic objective since the Europe Union could position itself as the spearhead of a new industrial revolution, in which the United States refuses the leadership of international climate diplomacy.

Source of opportunity, this Green Deal promises to be inclusive and to "*leave no one or any region behind*"⁷. In order to win the accession of the EU Member States, which are still heavily dependent on coal for their energy supply (such as Poland, which depends on it for nearly 80%), an Energy Transition Fund has been designed to ensure a fair distribution of costs.

In total, "*it will take investments of 260 to 300 billion euros per year - public and especially private - to achieve carbon neutrality by 2050*"⁸, estimates Frans Timmermans. This represents no less than 25% of the budget of the European Union and 1.5% of the Union's GDP. Ursula von der Leyen defends this by recalling that "*some say that the cost of this transformation is too high. Well, let us never forget what the cost of inaction would be. It increases every year*"⁹.

INVESTING IN THE SOCIAL ECONOMY, A NECESSITY!

THE SOCIAL ECONOMY, VECTOR OF AN INCLUSIVE ECOLOGICAL TRANSITION

"New way of entrepreneurship and economic development, the social and solidarity economy intends to respond to the many challenges faced by our society: demographic, technological, ecological and democratic"¹⁰. A pioneer and innovative in the field of ecological transition, the SSE has been incorporating environmental considerations from the outset of its activities and has been developing them at a local level for decades. Complementary and in synergy with the circular economy, the SSE is absolutely necessary for the ecological transition. For years, the numerous studies carried out by the think & do tank POUR LA SOLIDARITÉ have shown that, from the very beginning, the actors of the SSE have been able to grasp the opportunities offered by the ecological transition¹¹¹² and can therefore lead the way for traditional European companies.

The Green Deal will bring about profound changes in both production and consumption. While entire sectors of the economy are destined to disappear, the Green Deal promises the creation of new local and sustainable types of jobs. This would for example be the case in the circular economy where the shift from linear to circular leads to an increasing need for labour.

Historically present in the field of re-employment and recycling, the SEE players have been active for several decades in activities at the heart of the circular economy model and even before the emergence of this concept¹³. The Belgian network RESSOURCES, which creates links between the circular and social economy, is a good example of the need to develop the social economy to succeed in the ecological transition.

The SSE and the Belgian RESSOURCES network

"RESSOURCES is the federation of social economy enterprises active in the reduction of waste through its recovery and reuse and the valorization of resources in a circular economy dynamic. As part of the transition, members relocate sustainable jobs, recycle our waste and help preserve our resources". Social economy enterprises have made it a priority to create local and sustainable jobs for all by offering training in the reuse business lines.

www.res-sources.be/

The development of the social economy is also necessary to meet the inclusion requirement formulated by the President of the Commission¹⁴. To this end, it is essential to ensure the necessary training for employment in the sectors newly created by the transition, but also to work on the conversion of the most vulnerable people impacted by the latter. The social economy could contribute to this through integration structures, worker cooperatives, mutual societies or incubators and clusters.

The Federation of Economic Integration Enterprises

The vision of this French federation of integration and temporary work companies is “*to undertake by combining economic efficiency and social purpose in a dynamic of permanent innovation to enable our fellow citizens affected by unemployment and exclusion to regain employment, dignity and stability*”. These companies are strongly committed to the ecological transition and involved in the development of green industries, particularly around the prevention, reuse, recycling and recovery of waste, eco-construction and energy renovation of buildings, management of green spaces and natural areas or the development of short food circuits. By bringing together business owners and employees from the network, they enable a greater number of people who are far from work to be supported and retrained within integration enterprises.

www.lesentreprisesdinsertion.org/

The General Confederation of Scops (CG Scop)

Worker cooperatives and multi-member cooperatives in France have long been active in the field of ecological transition. The Scop's Movement integrates several hundred cooperatives anchored throughout the territory and working in a wide variety of sectors: short circuits, sustainable mobility, waste collection and recycling, energy renovation, eco-construction, production and distribution of renewable energy, specialized advisory services in ecological transition, etc. Their growing number can be explained by the attention paid to the participatory governance of cooperative societies that stakeholders are calling for in order to manage environmental issues.

www.les-scop.coop

Hence, it is only through the social economy that it will be possible to consider solutions for all those affected by the transition and thus foresee the conciliation between the unemployment issue and the climate issue. Only this economic model can ensure some social justice brought by a Green Deal that intends to accompany all the people, companies and countries affected by the ecological transition by training their workers to the qualifying requirements of this transition.

On the other hand, if the social economy is necessary for the implementation of an inclusive Green Deal, it can in turn contribute to an increased legitimacy and visibility of this economic model at the European level. Indeed, according to a CIRIEC report (2019), the social economy provides 13.6 million jobs, i.e. 6.3% of the European Union's working population. However, the social economy is sorely lacking recognition and guidance at European level¹⁵. The social economy is today invisible, both in the media and in European statistics, reflecting a lack of awareness and understanding of this economic model.

The highly publicized Green Deal can thus be the key to paving the way for new policies to take into account, from their conception, the added value of the social economy to the economic, environmental and social issues of today and tomorrow.

POLICY RECOMMENDATIONS

The development of the social and solidarity economy in Europe is essential for the achievement of the European Green Deal. On the one hand, SSE structures have long been active in activities at the heart of the circular economy model, essential to the ecological transition. On the other hand, only SSE actors are able to meet the demand for inclusion and to propose solutions to the problem of unemployment issue, thanks to their historical know-how in training, retraining and reintegration of people far from employment. Therefore, these two converging economic models are necessary to create an economy adapted to a sustainable development, respectful of the environment and of human beings.

If the interdependence between the Green Deal and the SSE has been demonstrated, some measures should be considered by European policy-makers so that the transition desired by the Green Deal is both feasible, inclusive and allows the SSE to emerge from its institutional invisibility¹⁶.

1. It is essential to **converge European policy**, both at the level of the Union's bodies and of the Member States, towards a common conception of the social economy in order to be able to implement the Green Deal in a homogeneous and inclusive way within Europe. To achieve this, the emergence of a **European legal framework** for all SSE enterprises and an **operational definition of the social economy** will allow the advent of coherent European policies throughout the territory¹⁷.

2. **The exchange and dissemination of good practice** between countries will allow for greater efficiency and easier implementation of the Green Deal policy in the Member States. Important data collection work is therefore essential: feedback, studies, workshops and exchanges within project groups.

3. SSE actors must be considered as **political partners**. SSE structures, active and locally anchored in key areas of the Green Deal are more efficiently targeting the objectives and instruments necessary to achieve the ecological transition. To this end, it is important to **maintain and strengthen the Expert Group on Social Economy and Social Enterprises (GECES)** within the Commission and to **facilitate the dialogue between the European institutions and the various SSE structures** through discussion forums.

4. It is essential that **public policies financially support SSE** initiatives at both national and European level. Indeed, access to finance is crucial for the subsistence and development of SSE structures. At European level, the **European Social Fund (ESF)** and the **European Regional Development Fund (ERDF)** play a central role in this development. Consequently, the shares allocated to the social economy must be increased and used more efficiently, particularly in the field of the ecological transition.

NOTES

¹ Commission européenne, « Un pacte vert pour l'Europe : Ambitionner d'être le premier continent neutre pour le climat », <https://cutt.ly/eriv0te> (Consulted on 15/01/2020)

² Rafael Chaves & José Luis Monzon, *Évolutions récentes de l'économie sociale dans l'Union européenne*, Working Paper, CIRIEC, 2019, 40p., <https://cutt.ly/srimjM3>

³ Fonds social européen, « L'économie sociale et solidaire (ESS) : un pari pour l'avenir de l'Union européenne », <https://cutt.ly/Briv7J8> (Consulted on 16/01/2020)

⁴ Ursula von der Leyen, *Lettre de mission*, Commission européenne, 1er décembre 2019, <https://cutt.ly/LrimOIX>

⁵ Ursula von der Leyen, *Une Union plus ambitieuse – Mon programme pour l'Europe*, 2019, <https://cutt.ly/6riQjot>

⁶ Commission européenne, *Op. Cit.*

⁷ Commission européenne, *Op. Cit.*

⁸ Cité dans Virginie Malingre, « Climat, agriculture, transports... Le « green deal » tous azimuts de la Commission européenne », <https://cutt.ly/criQJTB> (Consulted on 14/01/2020)

⁹ Commission européenne, « Speech by President von der Leyen in the Plenary of the European Parliament at the debate on the European Green Deal », <https://cutt.ly/EriWubr> (Consulted on 15/01/2020)

¹⁰ Ministère de la Transition écologique et solidaire, « L'économie sociale et solidaire, levier de la transition écologique », <https://cutt.ly/qriWvRD> (Consulted on 7/01/2020)

¹¹ Anna-Lena Rebaud, *Économie circulaire et ESS : Complémentarité et synergie*, Note d'analyse, POUR LA SOLIDARITÉ, nov. 2016.

¹² Anna-Lena Rebaud, *Vers une économie circulaire en Europe*, Cahiers, N°37, POUR LA SOLIDARITÉ, 2017.

¹³ Anna-Lena Rebaud, « Vers une économie circulaire en Europe », *Op. Cit.*

¹⁴ Commission européenne, « Un pacte vert pour l'Europe : Ambitionner d'être le premier continent neutre pour le climat », *Op. Cit.*

¹⁵ Rafael Chaves & José Luis Monzon, *Op. Cit.*

¹⁶ Social Economy Europe, *L'avenir des politiques européennes pour l'économie sociale passe par un Plan d'Action*, Social Economy Europe, 2018, <https://urlz.fr/bLrs>

¹⁷ Social Economy Europe, *Op. Cit.*

Thanks to Alexis Willemot for the proofreading.

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POUR LA SOLIDARITÉ works to defend and consolidate the European social model, a subtle balance between economic development and social justice. Its multicultural and multidisciplinary team works in the public arena alongside companies, public authorities and civil society organizations guided by the motto: Understanding for Action

ACTIVITIES

POUR LA SOLIDARITÉ – PLS puts its expertise in research, consultancy, coordination of European projects and event organization at the service of all socio-economic actors.

The think & do tank **POUR LA SOLIDARITÉ – PLS**

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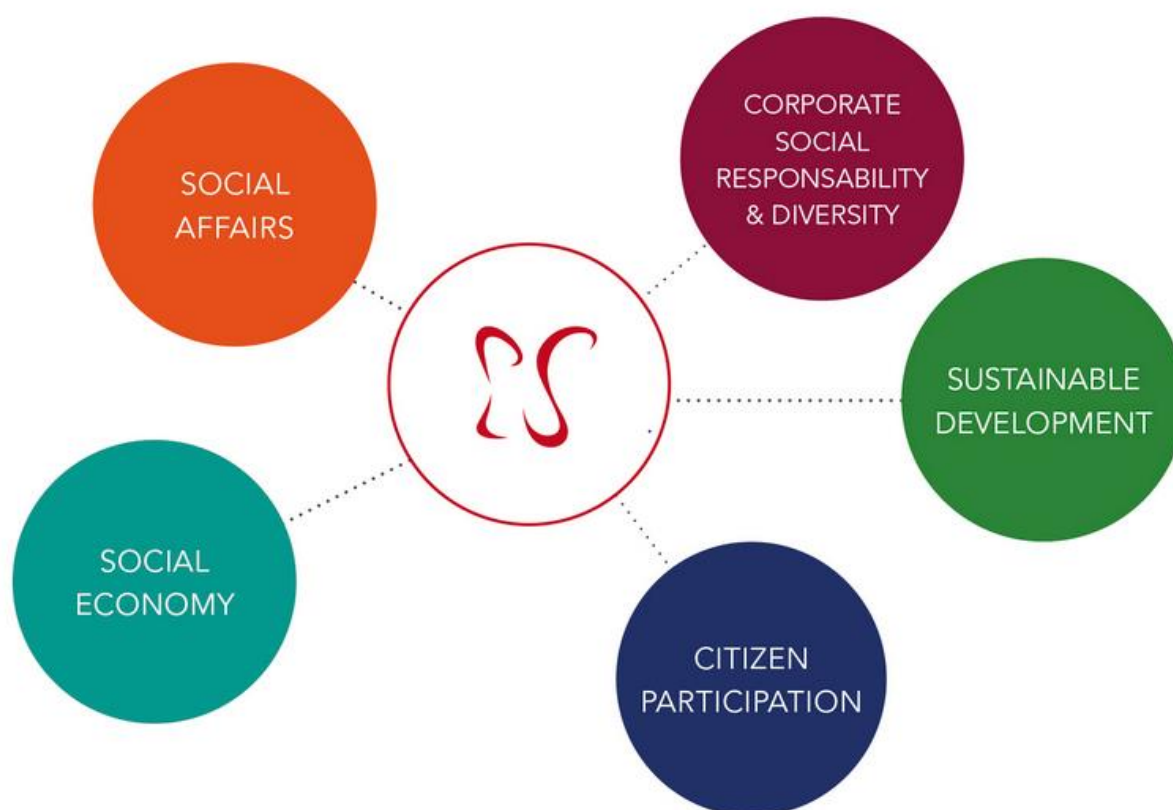
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The social economy

The social economy, which puts people at the centre of the economy and is based on democratic governance, is a promising avenue for economic development, social and environmental harmony in the territories. It is a path that is likely to cope with the economic, ecological and social crises facing today's society. POUR LA SOLIDARITÉ - PLS, invested in the promotion of social economy enterprises in Europe, is tirelessly pursuing its pioneering work by clearing new paths. It is within this framework that PLS has been appointed General Rapporteur of the European Commission's Group of Experts on Social Entrepreneurship (GECES).

Collection « Notes d'analyse » directed by Denis Stokkink

