



*European Economic and Social Committee*

**REX/472**

**The External Dimension of the Social Economy**

## **OPINION**

European Economic and Social Committee

**The External Dimension of the Social Economy**

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## 1. **Conclusions and recommendations**

- 1.1 The social economy is a key player and helps to achieve the objectives of all European policies with an external dimension: external and security policy, trade policy, neighbourhood policy, climate change policy, development cooperation and sustainable development policy. However, the lack of an appropriate regulatory environment, at both European and national level, prevents this sector from developing its full potential and maximising its impact.
- 1.2 The Partnership Instrument for Cooperation with Third Countries<sup>1</sup>, which is aimed at developed and developing countries, could provide an opportunity for the social economy of the European Union (EU) in its process of developing its international dimension, fostering competitiveness, innovation and research.
- 1.3 The EU plays an important role in efforts to eradicate poverty and boost economic and social development at global level, which is reflected in the EU's Post-2015 Agenda and the approval of the 2030 Agenda for Sustainable Development of the United Nations (UN).
- 1.4 The European Economic and Social Committee (EESC) welcomes the fact that in the Post-2015 Agenda the Council underlines the importance of "the social economy to job creation and sustainable development", which opens up new opportunities for boosting the external dimension of the social economy (point 43 of the Post-2015 Agenda), but regrets that the Commission has not included the social economy in its proposal for a new European Consensus on Development.
- 1.5 Given the business successes observed in various non-EU countries, it is clear that the social economy, in its various business forms, is prominent in the everyday life and productive activity of large regions of Africa, America and Asia and makes a major contribution to improving the living and working conditions of millions of people.
- 1.6 Among the various forms that social economy enterprises take in these regions, the Committee underlines the leading role of, among others, cooperatives and mutual undertakings, which are very numerous and play an active role in agricultural production, finance and micro-finance, the supply of clean water, housing, labour market integration of people with disabilities, the reduction of informal work through collective entrepreneurship initiatives in the social economy, youth employment and women's rights, which is playing an increasingly important part in the productive activity of cooperatives and mutual undertakings.
- 1.7 In addition to cooperatives, mutual benefit societies and other partnership-based social economy enterprises of a similar nature, the EESC underlines the important role of non-profit entities, associations and foundations known as NGOs, all of which form an integral part of the social economy under the "social action third sector". These NGOs manage social assistance, health and education services among others, and even promote social economy entrepreneurship initiatives among the local population.

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<sup>1</sup> Regulation (EU) No 234/2014 of the European Parliament and of the Council of 11.3.2014.

- 1.8 The Commission has recognised the important role that social economy enterprises (SEEs) can play in the development of the circular economy, to which they can make an "essential contribution"<sup>2</sup>. In Europe, there are many examples of good practice in this area, where SEEs can play a substantial role in the investments in renewable energies in Africa planned under the European External Investment Plan (EEIP). SEEs make a significant contribution to sustainable economic growth, thus reducing their negative environmental impacts.
- 1.9 Without prejudice to the work of ethical banking, traditional financing instruments do not work for SEEs, which require instruments specifically adapted to them. The EESC therefore finds it regrettable that, despite their undeniable role in meeting the Sustainable Development Goals (SDGs) and their socio-economic importance, SEEs are not systematically considered to be an actor as such in EU programmes designed to boost the international dimension and external promotion of business, and development cooperation programmes. Furthermore, the EEIP and the European Fund for Sustainable Development (EFSD) do not provide for any line of financing specifically for SEEs.
- 1.10 For example, the renewal of the Cotonou Partnership Agreement (CPA) will affect more than 100 countries in Africa, the Caribbean and the Pacific (ACP), with a total population of 1.5 billion people. The CPA is due to be renewed in 2020 and negotiations should begin by August 2018 at the latest. It is surprising that the abovementioned communication, based on the UN's 2030 Agenda and the EU Global Strategy on Foreign and Security Policy, does not mention the social economy among the non-state actors involved in the partnership. This comes under the general heading of "civil society, economic and social partners and the private sector" (point 4.3.3 of the communication).

In view of the above:

- 1.11 Trade policy is one of the pillars of the EU's external action. Organised civil society is involved in the EU's various agreements with other countries and regions around the world (trade, association and economic partnership agreements) through the joint consultative committees (JCCs) and domestic advisory groups (DAGs) set up under those agreements. Although the social economy is included in several of these agreements, the EESC recommends that it take on a broader role and become a fixed component in all of them.
- 1.12 Both the EFSD and the EIB should work together to establish a financial ecosystem specifically for SEEs, as called for in the EESC opinion<sup>3</sup>. In addition, the EEIP's technical assistance and development cooperation programmes should provide for the promotion of cooperative digital platforms. The digital economy is opening up new areas of action and development for SEEs. For example, the collaborative economy enables the creation of not-for-profit platforms (platform cooperativism) and the development of activities of great interest for the social economy's external dimension, such as collaborative production, collaborative finances

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<sup>2</sup> [COM\(2015\) 614 final](#), 2.12.2015.

<sup>3</sup> EESC exploratory opinion on *Building a financial eco-system for social enterprises* ([OJ C 13, 15.1.2016](#)).

(crowdfunding or peer-to-peer lending), collaborative governance and collaborative learning. In the latter case, learning via cooperative platforms can be important for the on-site training of social economy entrepreneurs in neighbouring countries and the south, strengthening crucial human capital in those countries.

- 1.13 The EESC endorses the recommendation of the Expert Group on Social Entrepreneurship (GECES) that the role of SEEs in EU external policy be strengthened. In this connection, the Commission and the European External Action Service (EEAS) must coordinate their policies and initiatives with a view to:
  - allocating direct and indirect funding to SEEs in third countries, together with participating governments and organisations supporting the social economy;
  - establishing specific cooperation initiatives with other global partners and innovation and investment funds in order to enhance the impact of the respective programmes.
- 1.14 The Commission and the social economy should facilitate the involvement of the G20 and the G7 in promoting specific policies to support the social economy (as discussed in the G20 Inclusive Business Framework), to better reflect the differences in the set of values, principles and *raison d'être* between these organisations (GECES Recommendation 12).
- 1.15 The role of the social economy in international forums (UNTFSSSE, ILSSE, G20, G7, ILO etc.) and cooperation with international financial organisations should be promoted via economic diplomacy.
- 1.16 The EU must ensure that, when trade agreements are negotiated, SEEs are not discriminated against compared to other businesses, by eliminating non-tariff barriers, which are in effect the cause of the discrimination.
- 1.17 Both the European Neighbourhood Instrument (ENI) and other financial instruments must contribute in a systematic way to the promotion of the social economy, both in the accession negotiations with candidate countries for EU membership, and with other neighbouring countries that are beneficiaries of preferential agreements.
- 1.18 The Commission must strengthen its leadership role in international cooperation and in boosting and recognising SEEs as key private sector players in achieving the SDGs and part of the EU's external agenda. To this end, the activities of the various departments of the Commission and of the EEAS will need to be coordinated and joint development cooperation programmes set up with other international financial organisations such as the World Bank, the Organisation for Economic Cooperation and Development (OECD), the African Development Bank, the Asian Development Bank and other public and private entities seeking multilateral and even local investment, creating incentives to make these funding channels work. SEEs should form an immediate, effective and generalised part of the EU's "economic diplomacy". The Commission should strengthen cooperation ties in the field of the social economy with international organisations (UN, ILO, OECD, etc.).

- 1.19 The Commission should specifically include the social economy sector as an EU business stakeholder in initiatives for access to third markets, in all development cooperation programmes and in the implementation of the Post-2015 Agenda, establishing specific indicators and objectives for cooperatives and other similar social economy enterprises. In particular, it is important for the Commission and the High Representative of the Union for Foreign Affairs to specifically include the social economy as one of the non-state actors in the next CPA and to include lines of funding specifically for SEEs in the EEIP and the EFSD.
- 1.20 In order to contribute to the monitoring and revision of the SDGs, the exercise should include a periodic report on the partnership policies between States and other public authorities and the social economy, including cooperatives, which are crucial for the implementation of the SDGs. States should also be encouraged to produce data and statistics.
- 1.21 The Commission should facilitate the inclusion of the social economy in the *structured dialogue* it intends to promote with the European and African private sector within the framework of a Sustainable Business for Africa (SB4A) platform.
- 1.22 The Commission should encourage preferential support for circular economy SEEs, which have achieved notable successes in Europe and which can be significant players in sustainable growth in countries outside Europe, creating many jobs for young people and women in local areas.
- 1.23 The Commission and the Member States must promote the participation, consultation and coordination of their external entrepreneurial and development cooperation activities with the bodies representing the social economy at European and national level, as well as with those of partner countries, and with international social economy organisations with a North-South and South-South dimension. The EESC reiterates its call<sup>4</sup> for the creation of a European *Sustainable Development Civil Society Forum* to promote and monitor the implementation of the 2030 Agenda, with the key players being the Council, Commission, Parliament, the representative bodies of the European social economy and the rest of civil society.
- 1.24 The Commission's technical assistance and development programmes must provide for the participation of networks of organisations representing the social economy as intermediaries and strategic stakeholders in implementing investment and cooperation programmes in neighbouring and developing countries, and must support governments so that they promote an institutional environment favourable to SEEs. The southern Mediterranean and the Balkans are an absolute priority.
- 1.25 The Commission and the EEAS should develop a way of identifying the different categories of SEEs in third countries, and promote the establishment of an appropriate legal framework that enhances the visibility of all SEEs. Given that this will be a complex process extending into the medium/long term, emphasis should be placed on cooperatives and mutual undertakings. These are present throughout the world, with a clear legal framework, present in all branches of

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<sup>4</sup> EESC own-initiative opinion on the *2030 Agenda — a European Union committed to sustainable development globally* (OJ C 34, 2.2.2017), point 1.4.

productive activity and with a system of values and governance that underpins the entire social economy, enabling them to be identified as the backbone of the social economy.

- 1.26 In order to achieve the aims advocated in this opinion, the EESC urges the European Commission to act swiftly on its commitment to do more to raise inter-departmental awareness of the social economy through internal briefings for the relevant DGs and EU delegations in third countries.

## 2. **Introduction**

- 2.1 The two top priorities of the EU Global Strategy on Foreign and Security Policy are the EU's security and investment in the resilience of states and societies to the east and south of Europe, towards Central Africa. The social economy can play important roles in fostering inclusive development and sustainable growth as part of the implementation of these priorities and the European Neighbourhood Policy (ENP).
- 2.2 The ENP, which covers the countries to the east and south of Europe, and its financial instrument, the ENI, are key to fostering relations with the 16 countries concerned - six eastern European and ten southern Mediterranean countries, with the EU earmarking EUR 15.4bn for their development in the 2014-2020 period.
- 2.3 Between 2016 and 2020, the EEIP, via the EFSD, will promote investments worth between EUR 44bn and EUR 88bn in Africa and the EU's neighbouring countries, with public sector bodies and private sector investors considered to be eligible counterparts for investment projects.
- 2.4 International trade is one of the pillars of the new Europe 2020 strategy aimed at making the EU more competitive and environmentally friendly. The Free Trade and Investment Agreements promoted by the EU can contribute to more dynamic economic growth in the EU, given that 90% of future global growth will take place outside Europe. The EU should ensure that, when trade agreements are negotiated, SEEs are not discriminated against compared to other businesses, by eliminating non-tariff barriers, which are in effect the cause of the discrimination. The European social economy should make use of these agreements to boost the international dimension of its businesses, both in the neighbouring countries to the east and south of Europe and in the rest of the world.
- 2.5 The EU plays an important role in efforts to eradicate poverty and to promote economic and social development at global level. The official development aid provided by the EU and the Member States amounted to EUR 68 bn in 2015<sup>5</sup> and the EU provides more than 50% of all global development aid.
- 2.6 At its meeting on 26 May 2015, the Council approved the EU's position on the new Post-2015 Development Agenda (A New Global Partnership for Poverty Eradication and Sustainable

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<sup>5</sup> EESC own-initiative opinion on the *2030 Agenda — a European Union committed to sustainable development globally* ([OJ C 34, 2.2.2017](#)).

Development after 2015). The Post-2015 Agenda was championed by the EU at the UN General Assembly in September 2015, which adopted the 2030 Agenda for Sustainable Development. In the Post-2015 Agenda, the Council underlines the "importance of micro, small and medium-sized enterprises and **enterprises of the social economy** to job creation and sustainable development" (point 43).

### 3. **Social economy enterprises and organisations (SEEs)**

3.1 SEEs are made up of a large number of stakeholders with a core identity and with shared principles and values of behaviour, an identity that characterises them as free and voluntary bodies. These entities are based on systems of democratic and participatory governance and are created by civil society with the primary objective of using solidarity-inspired criteria to meet and address the needs of the people and social groups they represent, rather than remunerating external investors<sup>6</sup>. It should be pointed out, for example, that German cooperatives have been recognised by UNESCO as being part of the intangible heritage of humanity.

3.2 The stakeholders that make up the social economy are well defined and clearly specified by the EU institutions, as well as by the social economy's own key players and in the academic literature. Particularly significant here are the European Parliament Resolution on Social Economy (2008/2250(INI)) of 25 January 2009; the *Manual for drawing up the satellite accounts of companies in the social economy: cooperatives and mutual societies*, promoted by the European Commission (2006); the opinions of the EESC<sup>7</sup> and the Committee's report on *The Social Economy in the European Union*<sup>8</sup>. All of the above are similar in that they identify the social economy as being made up of a range of businesses and entities "based on the primacy of people over capital and include organisational forms such as cooperatives, mutual, foundations and associations, as well as newer forms of social enterprises" (Conclusions of the Council of the European Union of 7 December 2015 on The promotion of the social economy as a key driver of economic and social development in Europe)<sup>9</sup>.

### 4. **Social Economy, European Neighbourhood Policy and the Global Strategy on Foreign and Security Policy**

4.1 The social economy can play a very important role in the EU's external action. The history of the social economy is a success story, not only in Europe but also in many southern neighbouring countries and broad regions of Africa. This is stressed by ILO Recommendation 193 of 20 June 2002 on the promotion of cooperatives, regarding them as one of the pillars of economic and social development which, through their values and systems of governance, promote the fullest participation by the whole population in this development, strengthening stability, trust and social cohesion.

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<sup>6</sup> Principles and values based on Co-operative Principles formulated by the International Co-operative Alliance (ICA) (Manchester, 1995).

<sup>7</sup> See the EESC opinion on the *Diverse forms of enterprise* ([OJ C 318, 23.12.2009](#))

<sup>8</sup> Report Monzón-Chaves CIRIEC, 2012.

<sup>9</sup> The Reader 2011 "*Social and Solidarity Economy: Our common road towards Decent Work*".

- 4.2 The Commission and the Council have stressed on several occasions the importance of cooperatives and the social economy in EU external action. For example, the Commission's communication of 12 September 2012 ("The roots of democracy and sustainable development: Europe's engagement with Civil Society in external relations") underlines the role of cooperatives as important civil society stakeholders "particularly active in promoting entrepreneurship and job creation by mobilising grassroots communities". For its part, in the Post-2015 Agenda the Council confers on the social economy a significant role in job creation and sustainable development (paragraph 43 of the Post-2015 Agenda).
- 4.3 The two top priorities of the EU Global Strategy on Foreign and Security Policy are the EU's security and investment in the resilience of states and societies to the east and south of Europe, towards Central Africa.
- 4.4 The ENP is a key element of meeting the priorities set out in the EU Global Strategy on Foreign and Security Policy. According to this strategy, one of the external action priorities is to invest in the resilience of states and societies to the east and the south of Europe, towards Central Africa, for the benefit of countries both within and outside the ENP.
- 4.5 The consolidation of resilient states in the European neighbourhood - a priority of the EU's external action - cannot be ensured without strong, cohesive and resilient societies. Based on businesses created by people for people, the social economy is a vibrant expression of civil society. SEEs are the fruit of citizens' collective entrepreneurship initiatives which integrate economic and social objectives into a common project, making individuals responsible for, and actors in, their own destinies, and allowing them to improve their living conditions and be hopeful about the future. This is the best guarantee of strengthening resilient states to the east and south of Europe, in other countries within and outside the ENP, as pointed out in the EU Global Strategy on Foreign and Security Policy. And it is the best guarantee of ensuring the sustainability and long-term success of the first of the five overarching priorities of the EU's external action - security of our common home, Europe - and thus of preventing radicalisation.
- 4.6 Finally, the external dimension of the social economy can be extremely useful in creating jobs with rights in countries where there are high shadow economy rates or in countries undergoing a change of economic model. It can also help avoid the closure of businesses by enabling workers to take charge of them themselves, under a legal and organisational cooperative framework.

## 5. **The social economy and the EU's trade and investment policy**

- 5.1 Trade policy is one of the pillars of the EU's external action. Organised civil society is involved in the EU's various agreements with other countries and regions around the world (trade, association and economic partnership agreements) through the JCCs and DAGs set up under those agreements. The EESC recommends that the social economy, which already participates in a number of these agreements, should become a fixed component of all of them and proposes that this be used to draw on the experience of the social economy, in the sustainable development chapters of the agreements, to create enterprises with the values and characteristics of the social economy. And social economy organisations should regularly be represented in the

membership of the civil society DAGs provided for by these chapters and in the business missions promoted by the Commission in third countries.

- 5.2 The participation of the social economy in the JCCs and DAGs can help strengthen the knowledge, ties and cooperation of the social economy between different regions, as is already the case, for example, between the EU social economy and its relevant counterparts in Latin America and the southern shores of the Mediterranean.
- 5.3 Through the ENI, the ENP earmarked EUR 15.4bn for the 2014-2016 period in order to achieve its objectives. The EEIP<sup>10</sup> which provides an overall framework for increasing investment in Africa and the EU's neighbouring countries, can be a suitable instrument for promoting the social economy in these geographical areas.
- 5.4 The 5th Africa-EU Summit will be held in November 2017 and will reformulate and further develop the Africa-EU partnership<sup>11</sup>. The Commission should facilitate the inclusion of the social economy in the structured dialogue it intends to promote with the European and African private sector within the framework of a Sustainable Business for Africa (SB4A) platform.
- 5.5 The Commission has recognised the important role that SEEs can play in the development of the circular economy, to which they can make an "essential contribution"<sup>12</sup>. In Europe, there are many examples of good practice in this area, above all in the field of renewable energies.
- 5.6 By virtue of their characteristics and values SEEs can play a significant role in the investments in renewable energies in Africa planned in the EEIP, on the basis of the competitive advantages arising from better management of resources and raw materials and local connections, which make it possible to create new local jobs, especially for young people and women. Preferential support for circular economy SEEs will facilitate more sustainable economic growth, reducing negative environmental impacts by improved management of resources and reduced extraction and pollution.
- 5.7 The Partnership Instrument for Cooperation with Third Countries<sup>13</sup>, which is aimed at developed and developing countries, could provide an opportunity for the social economy of the EU in its process of developing its international dimension, fostering competitiveness, innovation and research.
- 5.8 As has been pointed out many occasions, the rationale of the financial market does not lend itself to supporting SEE development. Traditional financial instruments do not work for the SEEs, which need instruments specifically adapted to them. Therefore, the true potential of

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<sup>10</sup> Commission Communication of 14.9.2016 ([COM\(2016\) 581 final](#))

<sup>11</sup> [JOIN\(2017\) 17 final](#), 4.5.2017 (A new impetus for the Africa-EU Partnership).

<sup>12</sup> [COM\(2015\) 614 final](#), 2.12.2015.

<sup>13</sup> Regulation (EU) No 234/2014 of the European Parliament and of the Council of 11.3.2014.

SEEs can only be tapped if access to financing is incorporated into an adapted and fully integrated financial ecosystem<sup>14</sup>.

- 5.9 The GECES has also highlighted the need for the Commission to earmark "dedicated direct and indirect funding for social economy organisations, including social enterprises, in third countries, along with governments and support and social finance organisations" (Recommendation 13 of the GECES report on "Social enterprises and the social economy going forward").
- 5.10 In this connection, both the ENI and other financial instruments should contribute in a systematic way to the promotion of the social economy, both in the accession negotiations with candidate countries, and with other neighbouring countries that are beneficiaries of preferential agreements.
- 5.11 A number of external initiatives have recently been launched by the Commission, such as the framework partnership agreement between the European Commission and the International Co-operative Alliance to promote the cooperative sector worldwide, for implementation between 2016 and 2020 under a programme with funding totalling EUR 8 million. However, both the ENP and the Global Strategy on Foreign and Security Policy overlook SEEs and fail to specifically include them as business actors in the EU's external policies and programmes, and do not provide for any lines of financing specifically for SEEs among the substantial funds allocated to the EEIP and the EFSF, nor are they included in any of the actions to promote the international dimension of European businesses.
- 5.12 The Commission and the social economy should facilitate the involvement of the G20 and the G7 in promoting specific policies to support inclusive business and SEEs (as discussed in the G-20 Inclusive Business Framework), to better reflect the differences in the set of values, principles and *raison d'être* between these organisations, as recommended by the GECES (Recommendation 12).
- 5.13 The role of the social economy in international forums (UNTFSSSE, ILGSSE, G20, G7, ILO etc.) and cooperation with international financial organisations like the Global Social Impact Investment Steering Group (GSG) should be promoted via economic diplomacy, for example by participating in financing events organised by the ILGSSE.

## 6. **The importance of the social economy for achieving the SDGs**

- 6.1 The UN's 2030 Agenda includes 17 SDGs based on three pillars — economic, social and environmental. The social economy is playing an important role in meeting all of these goals. The range of actors that make up the social economy and the cross-cutting nature of the legal forms it comprises, make it difficult to gather aggregated data on the activities of the social economy, although the data that is available on cooperatives, mutual benefit societies and other similar entities indicates that the social economy and cooperatives in particular have a key part to play in meeting the 2030 Agenda SDGs.

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<sup>14</sup> EESC exploratory opinion on *Building a financial eco-system for social enterprises* ([OJ C 13, 15.1.2016](#)).

- 6.2 In order to contribute to the monitoring and revision of the SDGs, the exercise should include a periodic report on the partnership policies between Member States and other public authorities and the social economy, including cooperatives, which are crucial for the implementation of the SDGs. States should also be encouraged to produce data and statistics.
- 6.3 Cooperatives play a vital role in meeting the poverty reduction and sustainable development target in extensive regions of Africa, Asia and America. These are mainly savings and credit cooperatives and agri-food cooperatives specialising in production, supply and marketing (role emphasised by the FAO). In countries such as Tanzania, Ethiopia, Ghana, Rwanda and Sri Lanka, savings and credit cooperatives are very important in financing tools and supplies for work, working capital and consumer durables for poor people. Cooperatives in those countries also play a leading role in women's rights<sup>15</sup>. There are 12 000 savings and credit cooperatives in Africa, with 15 million users across 23 countries<sup>16</sup>.
- 6.4 Cooperatives and mutual societies play a very important role in health matters throughout the world, both in developed and emerging countries. Health cooperatives provide support for more than 100 million families globally<sup>17</sup>.
- 6.5 One sector where cooperatives are making a major contribution to meeting the SDGs is access to clean water and sanitation. Bolivia (Santa Cruz de la Sierra) is home to the largest cooperative for the supply of drinking water in the world, providing very high-quality, clean water to 1.2 million people. Water supply cooperatives provide clean water to tens of thousands of households in the Philippines, India and various African countries. In some cases, members of cooperatives have drilled wells themselves and set up local groups to maintain them. There are around 3 300 cooperatives in the United States, supplying water for human consumption, fire protection, irrigation and sewage disposal<sup>18</sup>.
- 6.6 Cooperatives are very effective at providing decent housing and improving insanitary conditions in neighbourhoods. Working together with poor families living in urban areas, the Indian National Federation of Housing Cooperatives has promoted 92 000 housing cooperatives with 6.5 million members and 2.5 million dwellings, the vast majority for low-income families. In Kenya, the National Union of Housing Cooperatives has launched a programme for improving insanitary conditions in neighbourhoods, bringing neighbours together to form cooperatives so that they can have access to decent housing<sup>19</sup>.
- 6.7 Cooperatives are a valuable tool for reducing the high rates of informal work (50% of all work in the world), which is always associated with poor living and working conditions. Collective entrepreneurship initiatives associated with cooperatives provide great social value, increasing

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15 ICA-ILO

16 B. Fonteneau & P. Develtere, *African Responses to the crisis through the Social Economy*.

17 ICA-ILO

18 *Idem*.

19 *Idem*.

people's sense of dignity and improving their living conditions (decent work), and offering a response to a model that produces insecurity and inequality. SEEs play a key role in empowering the most vulnerable groups, particularly women, young people and people with disabilities, in addition to creating sustainable economic revenue as well as successful social innovation.

- 6.8 In addition to cooperatives and mutual benefit societies, mention should also be made of the role of non-profit entities and non-governmental organisations (NGOs), all of which form an integral part of the social economy under the heading of the "social action third sector". They can draw on significant resources, including volunteers, enabling them to manage social, health, education and other services and, in many cases, to promote social entrepreneurship initiatives among the local population.
- 6.9 The business activities listed in the previous points show that the social economy business model is inspired by a system of values and participatory governance that makes it particularly suited to addressing many of the social challenges included in the SDGs. As the European Parliament has pointed out, "most social problems should be approached through local solutions, in order to deal with practical situations and problems"<sup>20</sup>. It is important to stress the role of the UN Task Force on Social and Solidarity Economy (UNTFSSSE) in promoting the social and solidarity economy at global level and the initiatives of Cooperatives Europe and the ACI-EU project on international development through cooperatives.
- 6.10 Because they are deeply rooted in the local communities and because their priority aims are to meet people's needs, these enterprises do not relocate, effectively combating the depopulation of rural areas and contributing to the development of disadvantaged regions and municipalities<sup>21</sup>. The Committee stresses in this connection the work of the Global Social Economy Forum (GSEF) which will hold its next meeting in the EU (Bilbao, 2018).
- 6.11 In this way, the social economy business model:
- generates wealth in rural and depressed areas by creating and supporting business initiatives which are economically viable and sustainable in the medium to long term;
  - promotes and supports the entrepreneurial, training and business management capacities of socially excluded groups and the general population, creating consultation platforms at national level;
  - creates funding instruments by setting up credit or micro-credit cooperatives to ensure access to finance;
  - safeguards certain living conditions for vulnerable groups by improving access to food and basic social services such as health, education, housing and clean water;

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<sup>20</sup> European Parliament Report on the Social Economy (2008/2250(INI)).

<sup>21</sup> [COM\(2004\) 18 final](#), point 4.3 (Promotion of co-operatives in Europe).

- helps to reduce informal work by promoting collective entrepreneurship initiatives for which cooperatives are an excellent tool; and
- contributes to sustainable economic growth, thus reducing negative environmental impacts.

Brussels, 5 July 2017

Georges DASSIS,  
The president of the European Economic and Social Committee

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