

# Social Economy Enterprises in the Euro-Mediterranean Region: a Pathway for an Economy that Works for People and the Planet

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## Introduction

The strengths and weaknesses of our societies have become apparent over the last two decades, especially since the 2008 financial crisis. Economic, climatic, and environmental challenges shared by the 800 million inhabitants in the Euro-Mediterranean region are at the front and centre of the recovery strategies of national Governments. The national and international measures to face socio-economic gaps accelerated by the Covid-19 Pandemic (Al Shami, 2021) and the unpredictable consequences of Russia's aggression in Ukraine are addressed from a global approach, far from precedent economic steps solely focused on budgetary governance.

The European Institutions and the International Organisations are currently confronting those crises from the premises that economic growth is not an end in itself: "an economy must work for the people and the planet". These words open the Annual Sustainable Growth Strategy 2020 adopted by the European Commission even before the onset of the global health crisis that year. The Commission committed itself to "a new growth model that will respect the limitations on our natural resources and ensure job creation and lasting prosperity for the future". This approach has also been embraced by the Institutions governing the Euro-Mediterranean Partnership. In 2022, the Declaration of the Union for the Mediterranean (UfM) Ministers in charge of Employment and Labour focused on "the need for a long-term socio-economic recovery as well as resilient, sustainable, inclusive and connected economies in the Mediterranean region". The Ministers recalled that "building back better and

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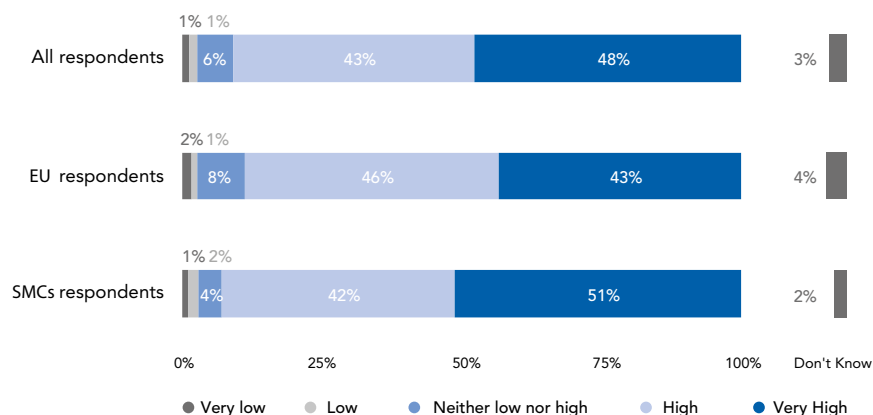
leaving no one behind include in particular developing the full potential of the most vulnerable, especially among youth and women, (...), as well as the green and digital transitions. (...). An enabling environment for competitive and sustainable enterprises, an increase of productivity, as well as a reduction of informality are among the key areas that may contribute to employment creation and reducing inequalities.”

Social economy emerges in this context as a key driver of economic and social development, based on an enterprise and growth model able to balance industrial competitiveness with transparency, sustainability, solidarity and social innovation.

## Social Economy: an Agent for Inclusive Societies and Economies that Work for People

The International research (OECD, 2020; CIRIEC-International, 2022) corroborates the opinion of the 90% of the 370 experts consulted in preparation of this chapter,<sup>1</sup> that social economy plays a key role in the reconstruction and sustainable transformation of the Mediterranean region.

**Graph 1: Q.9** To what extent is it important to strengthen social economy actors as a key agent for social and economic reconstruction?



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

While social economy enterprises operate in the market together with other private actors, they bring added value to society, in terms of better-quality jobs, reduction of inequality, provision of social services of general interest and the promotion of sustainable industrial activities, as well as an inclusive development of rural and depopulated areas (European Commission, 2021). This contribution would not exist if

1. Experts involved come from 30 southern Mediterranean and European countries.

there would only be traditional undertakings and there would be no room allowed for social economy enterprises to operate according to their specific principles. (OECD Global Action for Social and Solidarity Economy, 2022).

Together with the EU, the Secretariat of the Union of the Mediterranean has been at the forefront of promoting social economy. Since 2016, the highest representatives of the UfM Labour and Employment Ministries call for “harnessing the untapped job creation potential of the social economy”,<sup>2</sup> “not only (as) an alternative way of delivering economic, social and environmental value, but also (as) a smart way of unlocking resources, creating sustainable employment, and generating inclusive economic growth in the region”.<sup>3</sup> In 2022 the UfM Labour Ministers defined “the social economy (...) as a resilient model – as highlighted in the Covid crisis and a vector for the creation of more decent jobs and the expansion of economic opportunities, especially for youth and women, leading to a more inclusive economy in the Mediterranean region”<sup>4</sup> (UfM Marrakech Declaration, 2022). This is fully aligned with the highest recognition that social economy has achieved at an international level, after the European Social Economy Action Plan was launched by the European Commission in December 2021 and the two resolutions to develop social economy at a global level adopted by the International Labour Organisation (ILO) and the Organisation for Economic Co-operation and Development (OECD).

On 10 June 2022, the ILO approved a resolution on decent work and the social economy, and the OECD endorsed a Recommendation on the social economy and social innovation on the same day. Both documents place the social economy at the heart of the policies to boost robust sustainable growth and a fair recovery that leaves no one behind. Furthermore, and most importantly, the ILO Resolution and the OECD Recommendation identify priority areas in which governments should act to foster social economy enterprise models. The World Economic Forum – the DAVOS Forum – has also joined this “momentum”, with an unprecedented report that calls for unlocking the social economy as a pathway towards inclusive and resilient societies. Finally, the touchstone of this favourable international ecosystem will be provided by the UN General Assembly Resolution on social economy, currently under discussion in New York at the initiative of Spain, with the support of several national governments from all five continents.

Therefore, the Mediterranean also plays a key role in the promotion of social economy, since very relevant social economy enterprises and good practices show how they solve the critical challenges shared by Northern and Southern societies (EuroMeSCo & IEMed, 2022).

In 2020 UfM’s Marrakech Declaration, the role of social economy in job creation is fully aligned with the highest recognition that social economy after the European Social Economy Action Plan was launched.

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2. Ministerial Declaration of the UfM Ministers in charge of Employment and Labour, Jordan, 2016.

3. Ministerial Declaration of the UfM Ministers in charge of Employment and Labour, Portugal, 2019.

4. Ministerial Declaration of the UfM Ministers in charge of Employment and Labour, Morocco, 2022.

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## Towards a Full Convergence in the Euro-Mediterranean Social Economy

Social economy is a relevant stakeholder in the private sector across the Mediterranean region, with more than 3.2 million enterprises and organisations of different sizes, present across all sectors of activity and providing 15 million jobs. (UfM Workshop on Social Economy in the MENA region and the Balkans, 2019). In fact, the social economy has gained a long experience in Europe and in all southern Mediterranean countries (Pedreño, 2022).

Several countries, such as Morocco, France, and Spain, among others, have national policies for social economy that contribute to an agenda for the Mediterranean social economy. For instance, the Moroccan government has signed declarations with the French and Spanish governments to include social economy in their bilateral partnerships. This cooperation has resulted in business and international meetings as the social and solidarity economy forum held in Nador (Morocco) between Morocco and Spain in February 2023.

The representative organisations of the social economy in the EU – Social Economy Europe<sup>5</sup> – and in the Euro-Mediterranean region – the Euro-Mediterranean Social Economy Network (ESMED)<sup>6</sup> – are playing a key role in this convergence process. Both organisations have agreed on a social economy definition based on specific features linked to shared characteristics by all social economy enterprises and enterprises, as follows:

- The primacy of the individual and the social objective over capital
- Voluntary and open membership
- Democratic control by the membership
- The combination of the interests of members/users and/or the general interest
- The defence and application of the principle of solidarity and responsibility
- Autonomous management and independence from public authorities
- The essential surplus is used to carry out sustainable development objectives, services of interest to members or of general interest.

These principles – adopted by Social Economy Europe in 2002 – are enshrined in the laws that regulate and recognise social economy in several UfM Member States (Tunisia in 2019, France in 2014, Portugal in 2013 or Spain in 2011, among others). Furthermore, those features are absolutely aligned with the definitions established by the EU Social Economy Action Plan, the ILO Resolution and the OECD Recommendation.

5. <https://www.socialeconomy.eu.org/>

6. <https://esmednetwork.blogspot.com/>

The EU, the ILO and the OECD include cooperatives, mutual organisations, associations, foundations and social enterprises as part of the social economy. According to the conditions in each country, all these enterprises and entities that are driven by the principles mentioned, are scattered among all Mediterranean countries with a different degree of development (CIRIEC-International, 2022; Euromesco & IEMed, 2022).

Unlocking the full potential of the Mediterranean social economy is a work priority shared by Social Economy Europe and the ESMED Network with the UfM Secretariat. This common interest has led them to jointly propose the launch of an “Euro-Mediterranean initiative with sufficient resources, contributing to fostering a favourable eco-system for these enterprises and organisations in the Euro-Mediterranean region. This initiative would provide the Mediterranean with a strategy to promote this enterprise model. The strategy would complement the array of programmes already financed by the European Union towards the social economy in the Mediterranean” (Outcome Document, UfM Social Economy Workshop 2021 “Towards a new Social Economy agenda for a sustainable and inclusive Mediterranean”, 2021).

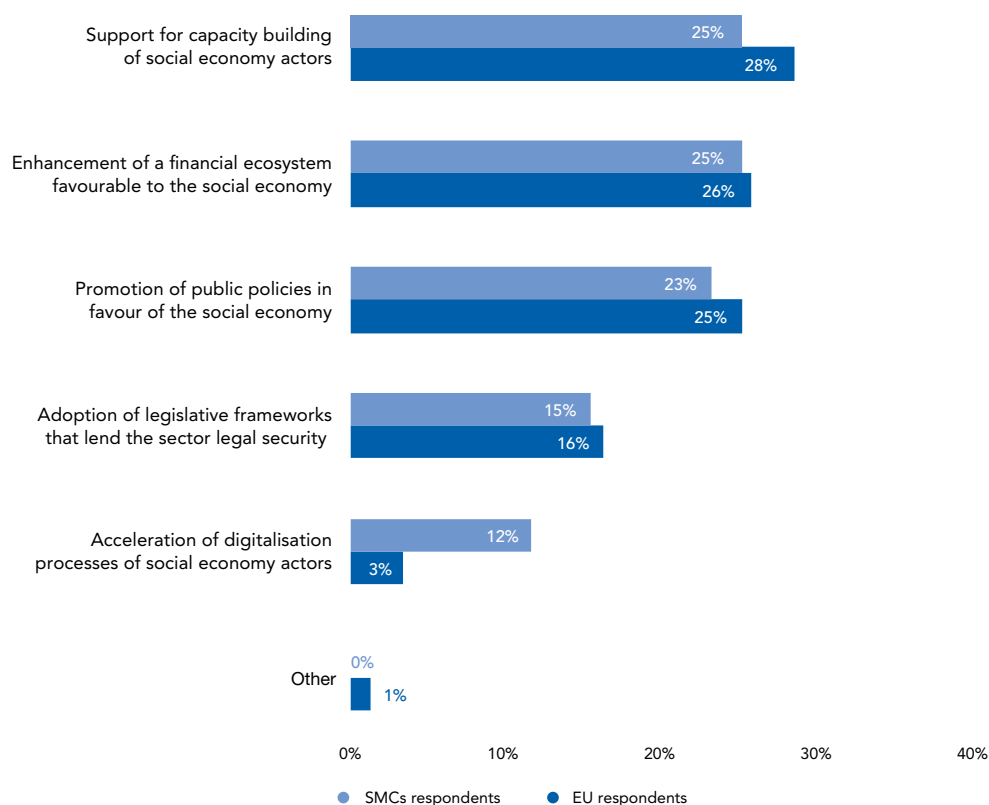
## **One Proposal and a Set of Actions to Strengthen the Euro-Mediterranean Dimension of the European Social Economy Action Plan**

The EU has become the first International Organisation with a specific strategy for the social economy. In December 2021 the European Commission adopted a Social Economy Action Plan (SEAP) that sets out a policy to promote the European social economy. The SEAP – which has been strongly supported by the European Parliament – gathers more than 50 measures to scale up the social economy in all EU Member States. The Action Plan covers specific measures to support access to financing, improve the visibility of social economy enterprises, establish favourable legal frameworks, promote social innovation, and set up support services for social economy entrepreneurs.

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Unlocking the full potential of the Mediterranean social economy is a priority. Institutions at Euro-Mediterranean level propose to foster a favourable eco-system for these enterprises and organisations in the region.

**Graph 2: Q.10 What measure should be the main EU-SMCs cooperation priority in promoting social economy?**



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

This is very important to mention that the SEAP prioritises strengthening Europe's cooperation with the Southern Mediterranean neighbours. In this sense, the UfM Secretariat has identified a set of measures to boost social economy in the Euro-Mediterranean region (Outcome document of the UfM Online Workshop "Social Economy and the Post-Pandemic Recovery: Challenges and Prospects", 2020).

Those measures are fully aligned with priorities raised by experts consulted (see Q. 10) as the importance "to strength the incubators, development poles and clusters with the aim of consolidating and increasing the advisory and support services to social economy entrepreneurs", "to establish a financial eco-system that favours the social economy"; "to speed up the digitalisation processes" or "to encourage the adoption, in those countries where they do not exist, of legislative frameworks that give the social economy legal protection and promote public policies to encourage these enterprises and organisations".

On the other hand, the UfM Secretariat calls social economy to be a key factor for job creation, also in innovative sectors, such as the blue economy and those related to the green transition, as well as any other that contributes to SDGs. To strengthen the value chains between social economy enterprises through greater business and commercial cooperation is also a field to be developed. Finally, there is room to increase the visibility of social economy, its values and enterprise models in particular throughout the education system, from school to university and in vocational training systems.

And, as President of CEPES and Social Economy Europe, we also agree with the UfM Secretariat focus on strengthening “the role of the Social Economy representative organisations at national and Euro-Mediterranean levels as interlocutors with the public authorities in order to adopt effective measures and initiatives to promote the contribution of Social Economy to the economic and social recovery of the UfM region”.

## Conclusion

The opinions expressed by the experts involved in this chapter show the strong consensus on the relevance of social economy as a key agent of socio-economic development in the Euro-Mediterranean region. Furthermore, they also point out four common areas of work to promote social economy, which are absolutely in line with the UfM Secretariat proposals: support the capacity building of social economy, enhancement of a financial ecosystem favourable to the social economy, promotion of public policies and adoption of legal frameworks that lend the sector legal security.

A wide range of best practices and experiences of the national governments and social economy stakeholders from both shores of the Mediterranean, together with the international organisations can make it possible to address a favourable ecosystem for social economy that contributes for an economy that works for people in the Euro-Mediterranean region.

There is a strong consensus on the relevance of social economy in the region and in the need to enhance a favourable ecosystem for an economy that works for people.

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