The European Network for Rural Development (ENRD) is the hub that connects rural development stakeholders throughout the European Union (EU). The ENRD contributes to the effective implementation of Member States’ Rural Development Programmes (RDPs) by generating and sharing knowledge, as well as through facilitating information exchange and cooperation across rural Europe.

Each Member State has established a National Rural Network (NRN) that brings together the organisations and administrations involved in rural development. At EU level, the ENRD supports the networking of these NRNs, national administrations and European organisations.

Find out more on the ENRD website (https://enrd.ec.europa.eu)
Introduction............................................................................................................. 2
1. Setting the scene .......................................................................................... 4
2. Social economy for vibrant rural areas.............................................................. 12
3. Promoting social innovation in rural areas...................................................... 19
4. Social economy: the key to green growth, climate action and environmental protection ........................................................................................................... 26
5. The role of social economy in promoting the digital transition in rural areas ............................................................................................................................... 30
6. EU support to the social economy .................................................................. 36
Introduction

The social economy contributes to the creation of quality jobs, social inclusion, social protection, solidarity and gender equality thanks to its basic principle “putting people and the planet before profit”.\(^{(1)}\) The social economy is also a driver of innovation, ecological transition and sustainable growth. It strengthens social cohesion and democracy.

An economy that puts people and the planet first is highly relevant to rural areas, where it can improve access to basic services, create jobs and foster social inclusion while promoting the digital and green transition.

The social economy is made up of a diversity of enterprises and organisations that base their work on the primacy of people over capital, on democratic governance, values of solidarity and the reinvestment of most profits to carry out sustainable development objectives.\(^{(2)}\)

The social economy encompasses the more ‘traditional’ structures, like cooperatives, mutual societies, associations and foundations, as well as more recent concepts such as social enterprises, social entrepreneurship and social innovation. Definitions, structures and laws that regulate the sector are specific to each Member State.

Social economy entities are mostly micro, small, and medium-sized enterprises (SMEs). Despite their generally limited size, the two million social economy enterprises and organisations active in Europe represent 10% of all businesses. More than 11 million people (6% of the EU workforce) work for social economy enterprises.\(^{(3)}\)

In Europe’s rural areas, the social economy can improve access to basic services, create job opportunities and foster social inclusion (the three ingredients of ‘vibrant rural areas’)\(^{(4)}\) while promoting a green transition.

European Rural Development Programmes (RDPs) have enabled a variety of projects and initiatives based on the values of the social economy. These include villages developing themselves the basic services and infrastructures they need, farms diversifying their activities to host social, health care or environmental activities, farmer cooperatives, and training and employment opportunities for people at risk of social exclusion. Such initiatives have been supported

\(^{(1)}\) https://www.socialeconomy.eu.org

\(^{(2)}\) ibidem

\(^{(3)}\) https://ec.europa.eu/growth/sectors/social-economy_en

through various RDP Measures, with LEADER often being the most flexible tool. Also relevant for social economy initiatives in rural areas are the European Innovation Partnership for Agriculture (EIP-AGRI) and the Smart Village concept.

This edition of the EU Rural Review explores the main features of the social economy, highlighting its relevance for European rural areas and European policy objectives (including the EU Green Deal, the European Pillar of Social Rights and the Digital Agenda for Europe). Because of their founding principles and their close connection with local communities, social economy initiatives in rural areas are likely to be more flexible, quick to adapt and therefore resilient in critical situations such as the recent COVID-19 pandemic.

The first article (page 4) sets the scene. It describes the principles of the social economy, clarifies some key terms and outlines the main features of the social economy across the EU. The article explores the relevance of the social economy for rural areas and the role of RDP support. It also draws a parallel between the main principles of the social economy and the seven principles of the LEADER method.

Rural areas that combine their natural strengths (e.g. better air quality, landscapes, cheaper housing) with adequate services, business development opportunities and inclusive communities are places where individuals and professionals can thrive. The article on ‘Social economy for vibrant rural areas’ (page 12) looks at how the social economy can improve access to services in rural areas, foster social inclusion and create rural employment opportunities, including for the most vulnerable.

The social economy can play a decisive role in social innovation fields of high relevance for rural areas, such as social care and health services, retail, education and training, environmental products and services, food production, distribution and consumption, culture and tourism. The article on page 19 looks at the role of the social economy in promoting social innovation in rural areas.

Europe is engaged on the double paths of a green transition and a digital transition. The articles on pages 26 and 30 explore how the social economy helps rural areas keep pace – and even, in some cases, take the lead on innovative solutions.

The European Commission has announced a European Action Plan for the Social Economy to be launched in autumn 2021. The article on page 36 describes the rationale and goal of the initiative, with an overview of the European Commission’s support to social economy across policy areas, including the new CAP.

The ENRD Contact Point
1. Setting the scene

INTRODUCTION

SOME DEFINITIONS

OPPORTUNITIES FOR RURAL AREAS

A COMPLEX PICTURE

BY VALENTINA CAIMI

Valentina Caimi has been working on the social economy and social enterprises for more than 20 years. Her experience includes the transnational coordination of EQUAL\(^1\) projects on the social economy and policy and advocacy work at the Social Platform in Brussels. Valentina was a member of the European Commission’s Expert Group on Social Entrepreneurship (GECES) and an expert for the European Economic and Social Committee (EESC) for the preparation of its opinion on the European Pillar of Social Rights.

Valentina has been Team Leader of the European Social Fund (ESF) Transnational Platform, managed a COSME project and is currently coordinating the European Association for Information on Local Development – AEIDL’s EASME/DG GROW contract on “Collecting good practices and raising awareness on socially responsible public procurement”.

https://www.linkedin.com/in/valentina-caimi/

\(^{1}\) https://ec.europa.eu/employment_social/equal_consolidated/about.html
INTRODUCTION

The social economy and social enterprises put people and planet before profit. They are rooted in their local communities and are driven by the principles of solidarity, collaboration, democracy and active citizenship. In rural areas, their characteristics and ways of functioning make them important social and economic actors working to make these areas more vibrant and attractive places to live and work.

Definitions vary across countries and so do the formats and history of the social economy, the legal frameworks and the statistical data available. While this complexity makes it difficult to estimate the exact weight of social economy initiatives in rural areas, social economy initiatives and social enterprises can help improve access to basic services, create job opportunities and foster social inclusion – the three ingredients of ‘vibrant rural areas’(2) – while promoting the transition towards a greener, more digital and more resilient Europe.

SOME DEFINITIONS

While ‘social economy’ and ‘social enterprise’ are often used synonymously, the two terms have different – but partially overlapping – meanings.

Social economy initiatives are characterised mainly by their aims and their methods: a way of doing business that combines the general, or societal, interest, economic performance and democratic governance. Among the organisations belonging to the social economy one can find associations, cooperatives and mutual organisations, as well as, more recently, foundations and social enterprises.

The most recent conceptual definition of the social economy can be found in the Charter of Principles of the Social Economy of Social Economy Europe,(3) the European-level association that represents the sector. These principles are:

- The primacy of the people and the social objective over capital;
- Voluntary and open membership;
- Democratic control by the membership (does not concern foundations as they have no members);
- 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; and
- Reinvestment of the essential surplus to carry out sustainable development objectives, services of interest to members or of general interest.

It is commonly accepted that social enterprises are part of the social economy, which also includes cooperatives, associations, mutual societies and foundations. In contrast, there is no single legal form for social enterprises. Many social enterprises operate in the form of social cooperatives, some are registered as private companies limited by guarantee, others are mutual societies and a lot of them are non-profit-distributing organisations like provident societies, associations, voluntary organisations, charities or foundations. Pages 6 and 7 provide an overview of other key terms related to the social economy.

In essence, social economy initiatives promote mainly the interests of their members (as traditional cooperatives do), thereby often having only an indirect impact on the community at large. Conversely, social enterprises pursue an explicit social aim in the interests of the community (the provision of general interest services or the facilitation of work integration of disadvantaged persons).(4)

To give a concrete example, an agriculture cooperative where farmers pool resources to increase their productivity and better serve their members and local community (see the box at page 8) is part of the social economy but cannot be considered a social enterprise, as it does not have a social objective.

---

OVERVIEW OF KEY TERMS RELATED TO THE SOCIAL ECONOMY

Social enterprises
In 2011, the European Commission's Social Business Initiative laid down a broad definition of social enterprise: "A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or stakeholders." This is still the most commonly accepted definition at EU level and one which has inspired the development of legal frameworks in many Member States.

The European Commission did not intend to set out a legal definition, but rather to give a broad description of the concept around three main dimensions, to reflect and respect the different national practices. To qualify as a social enterprise, an operator should fulfil all three of the following criteria:

- a social or societal objective of the common good is the reason for the commercial activity;
- profits are mainly (meaning at least 50%) reinvested to achieve the social objective; and
- the method of organisation or ownership system reflects their mission, using democratic or participatory principles or focusing on social justice.

The social dimension must be enshrined in the statutes of the organisation. What is considered ‘social’ can vary over space and time, to reflect the social needs of a particular society.

The non-profit distribution criterion can apply to the total turnover (this is the case of welfare organisations in Germany) or at least 50% of it (as in the case of social cooperatives in Italy, sociétés coopératives d'intérêt collectif in France, Spanish integration enterprises and Slovenian social enterprises). This depends on the type of organisation and the legal forms established in the different Member States.

The last criterion – ownership system – should be interpreted broadly, as it takes different forms in different organisations. Depending on the type of social enterprise, ownership rights and control, power can be assigned to a single category of stakeholders (users or workers) or to more than one category – thus creating a multi-stakeholder ownership asset. Besides becoming full members, stakeholders can be appointed to the governing bodies of the enterprise.

Social entrepreneurship
The term social entrepreneurship is increasingly used and thus sometimes mistakenly seen as a synonym for ‘social enterprise’ when in fact it refers to a rather wide range of initiatives aimed at generating positive social change. This includes, for example, corporate social responsibility initiatives by conventional companies or initiatives by innovative and entrepreneurial individuals. Social entrepreneurship does not necessarily imply the establishment of a social enterprise.

Social and solidarity economy
In most European countries, experiences in the social economy have contributed to paving the way for the emergence of social enterprises. This natural evolution occurs when social economy organisations become less member-oriented, open their membership to a plurality of stakeholders and start explicitly pursuing general-interest aims. To capture this trend and take into account the socio-political dimension of the social economy, the term ‘solidarity’ has been added and the new term ‘social and solidarity economy’ has come into use in some countries (France for example).

Cooperatives
Cooperatives are one of the most widespread organised forms of social economy. They follow a very specific and well-defined business model based on seven principles: voluntary and open membership; democratic member control; members’ economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; concern for community.

Cooperatives participate in the lives of the local communities and are driven by objectives which value and enhance the work and the human and natural capital of the territory, also by reinvesting a substantial part of their profits in the cooperative itself and the community.

European agricultural cooperatives are major actors within the European agri-food and forestry sectors. More than 22 000 agri-cooperatives are owned and controlled by some 7 million farmers. Farmer-members and forest owners directly own and control these cooperative enterprises, which are created to satisfy their market, social and environmental needs using value-added activities and economies of scale. Agricultural coops hold 83% of market shares in the Netherlands, 79% in Finland, 55% in Italy and 50% in France.

(7) ibidem
(9) https://copa-cogeca.eu/Policy-areas
A recently emerged legal form of cooperative is the so-called community cooperative. This is a model of social innovation where citizens are producers and users of goods and services. It is a model that creates synergy and cohesion in a community by bringing together, on the basis of principles of mutualism, the activities of individual citizens, enterprises, associations and institutions, responding to multiple needs. A community co-operative is identified by the explicit objective of producing benefits for a community to which the promoting members belong or which they elect as their own. This objective must be pursued through the production of goods and services that have a stable and lasting impact on the quality of the community’s social and economic life.

This specific community cooperative model has emerged recently in Italy, but is not yet legally recognised at national level. However, some regions have already regulated community cooperation (see box page 17).

Another form of cooperatives, platform cooperatives, offer new solutions for cooperation among workers, producers and consumers. Platform cooperatives are cooperatively owned, democratically managed enterprises that use an online platform and a website, mobile app or a protocol to facilitate the sale of goods and services. Platform cooperatives work on the basis of principles such as transparency, co-ownership, cooperation and solidarity. They also offer workers an innovative ownership model (see page 33).
The social economy and social enterprises are key actors that contribute to the implementation of the European Pillar of Social Rights (11) from a social, employment and economic point of view (see box page 9). Thanks to their capacity to provide basic services for the community and promote social inclusion, the social economy and social enterprises can greatly benefit rural areas, even if their impact is easier to understand in qualitative terms than to quantify.

The social economy and social enterprises merge the constraints of the economy with social and environmental considerations. Their human-centred approach (people and the environment before profits) and their naturally close connection with local communities make these initiatives particularly relevant to rural areas.

The connection with local communities enables the timely identification of local needs, including for small groups or individuals and the development of tailor-made responses. Social economy and social enterprises are thus more flexible, quick to adapt and resilient in critical situations compared to other forms of economic activities. In the context of the current COVID-19 pandemic, social economy initiatives in rural areas have been able to ensure the provision of social services to the most vulnerable people (such as the elderly, people with disabilities, migrants and refugees and the homeless), to produce and distribute food and pharmaceuticals to isolated people through agri-food social economy enterprises and social economy retailers.

The recent health, economic and social crises caused by the pandemic have shown that social economy and social

---


---

**OPPORTUNITIES FOR RURAL AREAS**

---

**COOPERATIVE ‘VUN DER ATER’ (LUXEMBOURG)**

Using support from the LEADER measure, producers and consumers formed a partnership which developed a community-based meat production model. The concept was tested by five local breeders. Consumers pre-pay the farmers for a period of six months or one year and, in return, they receive insights into the farms’ activities and can influence the production process. For example, consumers can give the farmer a low-cost loan to enable the construction or renovation of farm buildings, or to convert to organic production. The cooperative is in charge of logistics and administration while a local butcher is commissioned with the preparation of the boxes and distribution.


---

**OPPORTUNITIES FOR RURAL AREAS**

---

**COOPERATIVE ‘VUN DER ATER’ (LUXEMBOURG)**

Using support from the LEADER measure, producers and consumers formed a partnership which developed a community-based meat production model. The concept was tested by five local breeders. Consumers pre-pay the farmers for a period of six months or one year and, in return, they receive insights into the farms’ activities and can influence the production process. For example, consumers can give the farmer a low-cost loan to enable the construction or renovation of farm buildings, or to convert to organic production. The cooperative is in charge of logistics and administration while a local butcher is commissioned with the preparation of the boxes and distribution.


---

**OPPORTUNITIES FOR RURAL AREAS**

---

**COOPERATIVE ‘VUN DER ATER’ (LUXEMBOURG)**

Using support from the LEADER measure, producers and consumers formed a partnership which developed a community-based meat production model. The concept was tested by five local breeders. Consumers pre-pay the farmers for a period of six months or one year and, in return, they receive insights into the farms’ activities and can influence the production process. For example, consumers can give the farmer a low-cost loan to enable the construction or renovation of farm buildings, or to convert to organic production. The cooperative is in charge of logistics and administration while a local butcher is commissioned with the preparation of the boxes and distribution.


---

**OPPORTUNITIES FOR RURAL AREAS**

---

**COOPERATIVE ‘VUN DER ATER’ (LUXEMBOURG)**

Using support from the LEADER measure, producers and consumers formed a partnership which developed a community-based meat production model. The concept was tested by five local breeders. Consumers pre-pay the farmers for a period of six months or one year and, in return, they receive insights into the farms’ activities and can influence the production process. For example, consumers can give the farmer a low-cost loan to enable the construction or renovation of farm buildings, or to convert to organic production. The cooperative is in charge of logistics and administration while a local butcher is commissioned with the preparation of the boxes and distribution.


---

**OPPORTUNITIES FOR RURAL AREAS**

---

**COOPERATIVE ‘VUN DER ATER’ (LUXEMBOURG)**

Using support from the LEADER measure, producers and consumers formed a partnership which developed a community-based meat production model. The concept was tested by five local breeders. Consumers pre-pay the farmers for a period of six months or one year and, in return, they receive insights into the farms’ activities and can influence the production process. For example, consumers can give the farmer a low-cost loan to enable the construction or renovation of farm buildings, or to convert to organic production. The cooperative is in charge of logistics and administration while a local butcher is commissioned with the preparation of the boxes and distribution.


---

**OPPORTUNITIES FOR RURAL AREAS**

---

**COOPERATIVE ‘VUN DER ATER’ (LUXEMBOURG)**

Using support from the LEADER measure, producers and consumers formed a partnership which developed a community-based meat production model. The concept was tested by five local breeders. Consumers pre-pay the farmers for a period of six months or one year and, in return, they receive insights into the farms’ activities and can influence the production process. For example, consumers can give the farmer a low-cost loan to enable the construction or renovation of farm buildings, or to convert to organic production. The cooperative is in charge of logistics and administration while a local butcher is commissioned with the preparation of the boxes and distribution.


---

**OPPORTUNITIES FOR RURAL AREAS**

---

**COOPERATIVE ‘VUN DER ATER’ (LUXEMBOURG)**

Using support from the LEADER measure, producers and consumers formed a partnership which developed a community-based meat production model. The concept was tested by five local breeders. Consumers pre-pay the farmers for a period of six months or one year and, in return, they receive insights into the farms’ activities and can influence the production process. For example, consumers can give the farmer a low-cost loan to enable the construction or renovation of farm buildings, or to convert to organic production. The cooperative is in charge of logistics and administration while a local butcher is commissioned with the preparation of the boxes and distribution.


---

**OPPORTUNITIES FOR RURAL AREAS**

---

**COOPERATIVE ‘VUN DER ATER’ (LUXEMBOURG)**

Using support from the LEADER measure, producers and consumers formed a partnership which developed a community-based meat production model. The concept was tested by five local breeders. Consumers pre-pay the farmers for a period of six months or one year and, in return, they receive insights into the farms’ activities and can influence the production process. For example, consumers can give the farmer a low-cost loan to enable the construction or renovation of farm buildings, or to convert to organic production. The cooperative is in charge of logistics and administration while a local butcher is commissioned with the preparation of the boxes and distribution.


---

**OPPORTUNITIES FOR RURAL AREAS**

---

**COOPERATIVE ‘VUN DER ATER’ (LUXEMBOURG)**

Using support from the LEADER measure, producers and consumers formed a partnership which developed a community-based meat production model. The concept was tested by five local breeders. Consumers pre-pay the farmers for a period of six months or one year and, in return, they receive insights into the farms’ activities and can influence the production process. For example, consumers can give the farmer a low-cost loan to enable the construction or renovation of farm buildings, or to convert to organic production. The cooperative is in charge of logistics and administration while a local butcher is commissioned with the preparation of the boxes and distribution.


---

**OPPORTUNITIES FOR RURAL AREAS**

---

**COOPERATIVE ‘VUN DER ATER’ (LUXEMBOURG)**

Using support from the LEADER measure, producers and consumers formed a partnership which developed a community-based meat production model. The concept was tested by five local breeders. Consumers pre-pay the farmers for a period of six months or one year and, in return, they receive insights into the farms’ activities and can influence the production process. For example, consumers can give the farmer a low-cost loan to enable the construction or renovation of farm buildings, or to convert to organic production. The cooperative is in charge of logistics and administration while a local butcher is commissioned with the preparation of the boxes and distribution.

enterprises can offer a different social and economic model for rural areas even once the emergency situation is over. For instance, they can promote a more balanced development between urban and rural areas and can offer positive solutions to the challenges linked to demographic changes, such as an ageing population, isolation and depopulation.

More concretely, a variety of RDP Measures can help set up and develop social economy initiatives and social enterprises in Europe’s rural areas. For example, the diversification Measures (6.2, 6.4) can support social farming initiatives and Measure 7 – Basic services and village renewal can support initiatives based on the social economy principles, such as local community renewable energy schemes. Similarly, Sub-measure 16.9 can support co-operation projects for the diversification of farming activities into activities concerning health care, social integration, community-supported agriculture and education about environment and food. The principles of the LEADER method (Measure 19) match very well those of the social economy, as described in the box below. The Smart Village concept and the European Innovation Partnership for Agriculture (EIP-AGRI) are also very relevant.

<table>
<thead>
<tr>
<th>SOCIAL ECONOMY AND THE EUROPEAN PILLAR OF SOCIAL RIGHTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services provided by social economy initiatives and social enterprises</td>
</tr>
<tr>
<td>Services of general interest, including education, social and health services</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Social inclusion and employment opportunities to persons with disabilities, groups in a disadvantaged situation or under-represented groups</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

**A COMPLEX PICTURE**

Collecting harmonised quantitative data about the size of the social economy and of social enterprises is rather complex. The three main challenges concern the great variety of definitions, traditions and legal frameworks, the statical data available and the difficulty to compare them across countries. These challenges also make it hard to assess the exact role of the social economy in rural areas.

A first layer of complexity concerns the great variety in the legal forms and the level of development of the social economy (and, more recently, of social enterprises) across the EU. This reflects the differences in the national cultural traditions, as well as in the legal framework. In older Member States, the legal framework is generally closer to the vision of the social economy, while in newer Member States it is closer to the more recent concept of social enterprises as set out in the European Commission’s Social Business Initiative. In some countries, such as Italy and France, the legal framework is influenced by both visions.
A growing number of EU Member States have recently adopted national strategies, policy schemes and legal acts that define social enterprise at the national level. National definitions of social enterprise concern the social, entrepreneurial and governance dimensions of social enterprises. Differences across countries are found in the types of activities defined as ‘social’ (e.g. work integration and/or the delivery of social services), the share of income that must be generated by market activities and how/to which extent stakeholders are expected to participate in decision-making processes.\(^{(12)}\)

Given the overlapping terms and the diversity of definitions, it should not come as a surprise that one of the aims of the European Commission’s upcoming Action Plan for the Social Economy is precisely to review the definitions of the social economy and related terms (see page 36).

A second element of complexity concerns the availability and quality of data on social enterprises, which vary greatly across countries. The diverse degree of recognition enjoyed by social enterprises in EU countries affects the availability of official statistics and other data.\(^{(13)}\) Data reliability is higher in countries with a longer tradition of social enterprises, where at least some of their models have been recognised and a significant amount of research on social enterprise has been carried out.

According to a study carried out by the European Economic and Social Committee (EESC),\(^{(14)}\) the availability of data on the social economy as a whole is a challenge. Serious statistical gaps appear in the data for various countries, particularly the new EU Member States but also in countries such as the Netherlands.

Finally, the third challenge concerns the comparability of the available data. Definitions and legal forms vary across countries and within the same country across the years. In addition, statistical methods and definitions are not always homogeneous.

According to the EESC study mentioned above, employment in the social economy across the EU varies greatly. It accounts for 9% to 10% of the working population in countries such as Belgium, Italy, Luxembourg, France and the Netherlands, while in ‘new’ EU Member States such as Slovenia, Romania, Malta, Lithuania, Croatia, Cyprus and Slovakia the social economy remains a small, emerging sector, employing under 2% of the working population.

Interestingly, the same study highlights the resilience of the social economy workforce following the 2008 financial crisis (the social economy workforce dropped only from 14.1 million jobs to 13.6 million, while it is calculated that over five million jobs were lost in the EU).\(^{(15)}\)

---


\(^{(13)}\)Ibidem


SOCIAL ECONOMY, SOCIAL ENTERPRISES AND LEADER

The social economy and social enterprises often integrate principles closely resembling the seven features of the LEADER method16 as the examples in this EU Rural Review show even when they were not supported via LEADER or Rural Development funding.

In the social economy, ownership rights and democratic governance follow a bottom-up approach. An example is the Danish ‘Town’s farm shop’ (see box page 29), a food retail outlet that has become an outstanding showcase for small local food producers to better market and distribute their products and where the employees share their knowledge of the products and promote new sales opportunities for producers.

The local-area based approach is greatly exemplified by Railcoop, a French cooperative whose ambition is to improve rail connections across rural France by restoring abandoned railway services (see box page 33). Citizens, railway workers, companies and communities gather around the same objective: to develop an innovative rail transport offer under the cooperative form and adapted to the needs of all the regions concerned.

Social economy and social enterprises are often linked to innovation, including social innovation. While many social economy actors and social enterprises have contributed to providing innovative services or have brought many organisational innovations, it would be incorrect to state that all of them are innovative or that they always contribute to social innovation. The article on social innovation (page 19) makes this point and explores the contribution of social economy and social enterprises to social innovation in rural areas.

Cooperation, networking and partnerships are some of the other central LEADER principles, on the basis of which the social economy and social enterprises operate. The French Territorial Poles of Economic Cooperation, described at page 15, are a very good example of cooperation networks established among a number of different local players.

Integration in LEADER can take different forms but always consists of fostering linkages within the strategy, the area, the partnership and with the outside world. However, this does not mean supporting everyone and everything equally at the same time, but rather establishing priorities and focusing on certain aspects. This is the starting point of work integration social enterprises (WISEs), described at page 13. By mobilising different local actors, WISEs strive to produce goods, deliver works or services for the local community by focusing on the social and professional integration of people in vulnerable situations.

---

16 For the seven principles of LEADER, see EU Rural Review 29 ‘LEADER Achievements’, https://enrd.ec.europa.eu/publications/eu-rural-review-29-leader-achievements_en
INTRODUCTION

SOCIAL ECONOMY CREATING INCLUSIVE LOCAL JOBS

STIMULATING THE TRANSFORMATIVE POTENTIAL OF LOCAL COMMUNITIES

THE SOCIAL ECONOMY AS A DRIVING FORCE FOR MULTI-STAKEHOLDER PARTNERSHIPS

STIMULATING ENTREPRENEURSHIP IN RESPONSE TO THE BASIC NEEDS OF TERRITORIES

LOOKING FORWARD

2. Social economy for vibrant rural areas

BY ERDMUTHE KLAER-MORSELLI AND PATRIZIA BUSSI

Erdmuthe Klaer-Morselli is Deputy Secretary-General of the European Network of Cities and Regions for the Social Economy – REVES.\(^1\) She is responsible for coordinating exchanges between municipalities and regions on a range of topics linked to partnership with the social economy and local development. Erdmuthe is a member of the European Commission’s Structured Dialogue with European Structural and Investment Funds’ partners group of experts (ESIF SD).

Patrizia Bussi is the Director of ENSIE, the European Network of Social Integration Enterprises\(^2\), representing the interests of 29 national and regional networks of ‘Work Integration Social Enterprises’ (WISEs) from 21 European countries. Among other roles, she is Vice-President of Social Economy Europe, a member of the European Commission’s expert group on social business (GECES) and an active representative of the social economy in the ESIF SD and the Fit 4 Future Platform.\(^3\)

\(^1\) http://www.revesnetwork.eu/wp/
\(^2\) http://www.ensie.org
INTRODUCTION

Compared to other economic actors, the social economy acts within a broader vision of local development thanks to its founding principle – the primacy of people and social objectives over capital.

The social economy follows multiple purposes: the creation of economic activities and consequent employment – including work integration of the weakest members of the population; social inclusion; service provision in different fields and the creation of inclusive (rural) communities. With this integrated approach, as well as its ability to mobilise citizens and different local actors, the social economy is able to respond in innovative ways to a number of challenges rural areas face.

SOCIAL ECONOMY CREATING INCLUSIVE LOCAL JOBS

A widespread example of social economy actions is the impact of work integration social enterprises (WISEs). These are economic actors (operating under different forms) that strive for more inclusive and integrated forms of employment, by providing participants from vulnerable groups with basic skills, specific work skills and active citizen participation skills. WISEs promote and use the work-based learning methodology, which improves the employability of vulnerable persons by providing soft or transversal skills, to create new economic activities and inclusive jobs (see box on this page).

WISEs are often found in rural and peri-urban areas, in the form of social farming or social agriculture: using agricultural, rural and natural resources to create employment for vulnerable groups in society and providing social services. These types of WISE develop the resources of rural areas whilst supporting these territories seeking to create a positive momentum. They involve a large number of relevant actors, such as other third sector organisations, workers and their families and the municipalities.

SZIMBIÖZIS ALAPÍTVÁNY / SYMBIOSIS FOUNDATION (HUNGARY)

The Symbiosis Foundation, based in the rural area of Baráthegy [Monkmount] Manor in Hungary, has been organising agricultural and social activities for the integration and reintegration of vulnerable groups since 1999. Agricultural activities include the harvesting of vegetables, cheese production and farm animal care.

The Foundation also organises activities in handicrafts, manufacturing and tourism, to develop economic activities, create new inclusive jobs and promote the rural area. It welcomes over 400 disabled people in five houses, providing a range of social services (e.g. day care, special transport) and has already created over 250 jobs. The sustainability of the organisation is based on government payment for the services provided and tender resources (an average of 30 projects per year), its own revenue-generating activities (farming, tourism services and handicrafts) and savings thanks to energy production and fundraising efforts.

https://szimbiozis.net

(4) Work-based learning (WBL) is a powerful way to support adult learning and human resource development in enterprises: https://www.etf.europa.eu/en/practice-areas/work-based-learning
Rural areas offer other possibilities to WISEs thanks to their natural capital. Social enterprises are active in the field of environmental and biodiversity protection, as is the case of the Romanian ‘Bio&co’ project (see box above). Other initiatives include the social cooperative ‘L’orto di Francesco’ in Italy (5) and Green Care, a social agriculture programme promoting health and well-being in natural environments in Austria (6).

Over the last few years, an increasing number of social farming projects have received support from European Rural Development Programmes (RDPs). Examples include the Czech CLLD project ‘Kokořín 12 – extension of social enterprise’ by the LAG Vyhlídky (7), funded by the European Regional Development Fund, and the Belgian social farming project ‘Nos Oignons’ (8), developed thanks to Measure 16 – Cooperation under the Wallonia RDP.

### BIO&CO (ROMANIA)

Launched in 2016, ‘Bio&co’ is a project run by Ateliere Fără Frontiere (Workshops Without Borders), located 35 km north of Bucharest, in Ciocanari. This social and teaching farm produces and distributes locally-grown organic vegetables, whilst fighting food waste and CO₂ emissions.

Bio&co provides an adapted workplace for disadvantaged workers who benefit from an individualised socio-professional accompaniment in the production of healthy and tasty vegetables. The integration of these vulnerable people through their contact with nature and performing outdoor work reaps many benefits, including increased solidarity, protection of the environment and promotion of biodiversity.

The main sources of funding are own revenues from the agricultural activities and private contributions (Carrefour Romania and Carrefour Foundation), as well as donations.

http://www.bio-co.ro

Beyond its role in job creation, the social economy is also increasingly recognised as an instrument to stimulate entrepreneurship in rural areas. It does this through community action and co-entrepreneurship, with strong local roots and hence a high capacity to identify the potential of territories and their inhabitants, and local needs. The social economy mobilises different groups of the population including – but not exclusively – the disadvantaged ones and accompanies them in setting up entrepreneurial
activities responding to their needs. It fosters collective action whilst valuing the different contributions of each individual member. In addition, it acts in the general interest and uses this to build partnerships with a diversity of other local actors. All these elements enable the social economy to react in more flexible and often innovative ways to different challenges.

In France, the successful experimentation of a social economy approach as an alternative to traditional unemployment schemes (see box on this page) has boosted local entrepreneurship whilst responding to specific local needs of rural territories and their inhabitants. Similar experimentations have and will be integrated in the so-called ‘Pôles territoriaux de coopération économiques’ (Territorial Poles of Economic Cooperation – PTCEs). (9)

This concept was developed in France from 2009 by national social economy platforms, think tanks and public authorities and also found recognition in the French national law on the social and solidarity economy (2014). In the context of a PTCE, a group of social economy initiatives works in close cooperation with other partners to (re-)launch economic and social activities, create jobs, promote social and technological innovation and contribute to local sustainable development in a given territory.

TERRITOIRES ZÉRO CHÔMEURS DE LONGUE DURÉE (ZERO LONG-TERM UNEMPLOYMENT TERRITORIES) – FRANCE

The idea behind the ‘Territoires Zéro Chômeurs de Longue Durée’ (TZCLD), developed by the NGO ATD Quart Monde, is to use public finances available for unemployment benefits in an alternative way, funding entrepreneurial and job-creating activities among long-term unemployed people and boosting local development.

TZCLD activities range from services for the elderly or children to activities in the field of the circular economy, mobile food provision (‘food trucks’), tourism or mobility services and more. Social economy organisations act as mentors, providing administrative support and helping forge links with the local community. These activities provide new employment opportunities and show greater effectiveness in the use of public resources compared to the traditional unemployment benefits.

The initiative TZCLD is 70% funded by the ‘territorial experimentation fund’ (set up in 2016 by the French government). The remaining 30% of the costs is funded through the revenue generated by entrepreneurial activities.

Following a second national law adopted in 2020, this experimental approach will be extended to at least another 50 territories. Candidate territories are planning to use LEADER support as an additional resource.

https://www.tzcld.fr/la-2e-loi/actualites/

THE SOCIAL ECONOMY AS A DRIVING FORCE FOR MULTI-STAKEHOLDER PARTNERSHIPS

Social economy initiatives such as the French PTCEs have the capacity to establish cooperation networks with a number of different local players, including public authorities, SMEs, chambers of commerce, educational institutions, civil society organisations and citizen initiatives. Knowledge and know-how, space, (human) resources, equipment, finance and/or other resources are shared and managed jointly based on the principles of solidarity and participation and give rise to new and often innovative responses to addressing the multiple needs of the rural population.

There are similar initiatives in other EU Member States, where the social economy also frequently acts as an animator – sometimes in cooperation...
with public authorities. Examples can be found in the framework of CLLD or similar community approaches (see boxes on this page) or in Tuscany, Italy (see box page 17), where the regional government adopted a specific law\(^{(10)}\) in 2019, as well as a dedicated programme, to promote community cooperatives. This form of cooperative in Italy gathers citizens and local players in reversing rural depopulation, developing (new) sustainable social and economic activities, responding to environmental challenges, maintaining local cultural heritage and know-how, creating employment and bringing new life to (remote) rural areas.

---

**LAG AKTION ÖSTERBOTTEN RF (FINLAND)**

Fostering cooperation between territories/municipalities is also a cornerstone of the Local Action Group (LAG) Aktion Österbotten rf, a union of civil society organisations, social economy structures, municipalities and private persons in the Swedish-speaking areas of Ostrobotnia (FI). The LAG’s objective is to stimulate sustainable rural development and multi-stakeholder partnerships in a number of fields, such as (social economy) entrepreneurship, services, fishing and agriculture, culture or tourism. This is done with the support of EU funding instruments (EAFRD, European Maritime and Fishery Fund etc.) and national programmes. In the framework of LEADER, the LAG also mobilises an impressive amount of private financing.

[https://aktion.fi](https://aktion.fi)

---

**TRÖNÖ COMMUNITY ENTERPRISE (SWEDEN)**

In the Trönö/Söderhamn municipality (SE), the looming closure of the fire station led to the creation, in 2001, of the Trönö Community Enterprise. Since then, the initiative has become a hub for local development and led to the transformation of the district with its 1 000 inhabitants. Today, activities developed by the enterprise also encompass a community centre with offices, a library, accommodation facilities, retail properties (including a post office, a tourist information office, shops and a café) and a dairy farm. The community enterprise has the legal form of a cooperative (700 members).

Support from Measure 7 – Basic services and village renewal of the Swedish Rural Development Programme facilitated the establishment of the ‘Service Point’, a hub providing inhabitants with access to a number of commercial and public services.

Through a partnership with the Municipality (Söderhamn) and the JAK cooperative bank, tailored funding is being provided to develop and support additional projects set to benefit the local community.

The cooperative is now involved in the Erasmus+ project ‘GRA – Green initiatives in rural areas’, which aims to gather rural populations around the European Green Deal objectives while encouraging them to stay in the countryside and be active actors of change.

[http://tronobygden.se](http://tronobygden.se)
[http://ruralareas.eu](http://ruralareas.eu)

---

FILO & FIBRA COMMUNITY COOPERATIVE (ITALY)

The cooperative Filo & Fibra in San Casciano dei Bagni (Siena) supports the Tuscany wool value chain. The cooperative, which mostly involves local women, collaborates with the local sheep farming and textile industry as well as local shops. ‘Waste’ from sheep shearing, unsold textiles and second-hand material are collected, processed in innovative ways and transformed into new products. The cooperative will soon expand its activities offering co-working spaces, training, promotional opportunities for its products (also by revitalising abandoned shops) and aims to create a local museum of wool. This cooperative benefits from the programme set up by the Tuscany region to support community cooperatives.

http://coopdicomunita.toscana.it/-/filo-fibra-societa-cooperativa-a-r-l-

STIMULATING THE TRANSFORMATIVE POTENTIAL OF LOCAL COMMUNITIES

Alongside community cooperatives and similar initiatives, so-called ‘third places’ are emerging in a number of Member States (including in rural areas) and are run following social economy principles. These act as a cornerstone when it comes to rebuilding rural communities, mobilising inhabitants, rebuilding trust and thereby also reviving local democracy and active citizenship.

Abandoned or unused spaces – e.g. wastelands, former schools, vacant bars and industrial complexes – become new centres for local development, cooperation and citizen participation. As new meeting places for inhabitants and hubs of cooperation for different local players, they trigger the development of economic activities, and become one-stop shops for public services, promoters of the arts, culture and education. In other cases, they support the energy transition of communities under coordination – for example – of citizen energy cooperatives (see box page 18).

Finally, in the context of ‘building communities’, the newly emerging platform cooperatives described in Article 5 (page 33) should not be overlooked. They offer new digitally-based solutions for cooperation among workers, producers and consumers while solving specific local challenges (e.g. mobility, food provision) based on the principles of the social economy.
The social economy can provide a model for a transition towards sustainable local development and for the participatory revitalisation of rural areas.

The Common Agricultural Policy (CAP) and Rural Development Programmes (RDPs) provide a wealth of opportunities to support social economy activities which can make rural areas more attractive, inclusive and vibrant. The future National CAP Strategic Plans, as well as national and regional operational programmes under other cohesion-policy-related instruments, such as the ERDF, will provide further opportunities – and responsibilities – for Member States and regions to exploit all the available possibilities to support the social economy.

LEADER Local Action Groups can contribute to more networking and partnerships between public authorities and civil society initiatives, which could boost the development of more social economy initiatives in rural areas.

However, innovative and impactful social economy actions in rural areas often have their origin in smaller initiatives launched by groups of citizens which, often, due to the lack of human resources and expertise, have difficulties in accessing EU funding. More decentralised support (e.g. in the context of LEADER and CLLD), but also investment in capacity-building, is vital to facilitate access to funding for small initiatives.

The social economy has been paving the way for a (re-)democratisation of the economy and society – associating citizens and local communities with a local and European endeavour which is theirs.
3. Promoting social innovation in rural areas

INTRODUCTION

SOCIAL INNOVATION?

SOCIAL ECONOMY, A FERTILE GROUND FOR SOCIAL INNOVATION

FROM INNOVATION TO SOCIAL INNOVATION IN EUROPEAN RURAL DEVELOPMENT

CONCLUSION

BY ARMELLE LEDAN

Armelle Ledan is a senior consultant with 25 years of professional experience in the social sector. She has spent most of her career working on European Social Fund (ESF) programmes and projects, as well as on social economy and social innovation. Armelle was project coordinator of the H2020 Social Innovation Community (SIC) project from 2016 to 2019, and of the Social Innovation Platform (SIE – DG GROW) between 2015 and 2016, now working on the assessment of social experimentation projects from the EaSi programme (DG EMPL). She is currently leading AEIDL's Working Group on Social Innovation. She also gives lectures on Social Economy in Europe at the University of Montpellier and participates in field research on territorial social innovation.
INTRODUCTION

Social innovation is a historical reality but is now seen as a contemporary policy concept, albeit with no single shared definition. For the past 20 years, (1) social innovation has been supported at European level through different policy levers, from structural funds, research and public procurement to regulation. The European Commission (EC) today defines social innovation as, “activities that are social both as to their ends and their means and in particular those which relate to the development and implementation of new ideas (concerning products, services and models) that simultaneously meet social needs and create new social relationships or collaborations, thereby benefiting society and boosting its capacity to act”. (2)

Essentially, the ultimate aim of social innovation is to create social value for all in terms of well-being, quality of life, social inclusion, solidarity, citizen participation, environmental quality, health care, efficient public services and education and to produce positive change in response to unmet social needs. Social innovation, with its capacity to produce systemic and sustainable positive change and to ‘transform’ the economy and society, could help unlock the untapped potential of rural areas.

SOCIAL INNOVATION?

Despite the diverse definitions (see page 6), some common features are generally agreed. Social innovations are locally anchored and initiated, adopt a bottom-up approach, require the engagement of all actors during the whole process (public, private and third sectors and civil society, including beneficiaries and end users), develop through strong collaborations and networking and have an intrinsic experimental nature. Like any innovation, the intensity of the change they can generate varies from incremental to radical. Last-born in the ‘innovation family’, social innovation differs from other forms of innovation, such as economic and technological innovations. These were hegemonic until the 90’s with their focus on material and product innovation, methods of production process innovation, as well as marketing and organisational innovation in the field of economics. Now, a new systemic approach to innovation is being adopted at territorial level, reinforcing the synergies between all types of innovation to face interdependent challenges – social, environmental and economic ones – together.

SOCIAL ECONOMY, A FERTILE GROUND FOR SOCIAL INNOVATION

Social innovation is not the prerogative of any organisational form or legal structure and can be developed by and for the private, the public and the ‘third’ sectors, as well as by civil society, or often for them all combined, as social innovation implies their close cooperation. However, social economy organisations and social enterprises have always been a natural vehicle for social innovations compared to the market economy and they are forerunners in identifying and implementing social innovations and alternative ways of organising economic activities. Innovations they introduced, such as fair trade, organic food movements or ethical finance have often been adopted and generalised by the rest of the economy. Associations are the historical laboratory for social innovations and they and cooperatives are well established in rural areas, with a more recent development of social enterprises as shown by ‘ViSEnet’ (see

---


Social economy, social enterprises and social innovation have such close links that the terms are often confused. However, not all social economy organisations and social enterprises are socially innovative. They only develop social innovations when encountering new social needs and challenges that require new solutions, such as migration. Social innovation is thus the process developed by these organisations and the result of their activities. Social innovation follows the traditional innovation phases of ideation, prototyping and piloting, implementation, and scaling and transfer of successful projects. Changing the scale of social innovations allows more extensive coverage such as the expansion to other territories, beneficiaries or fields and sectors (scaling out), so that they influence policy frameworks and become common practice (scaling up), helping build social change. Projects like ‘Rise Hub’ (see box above) and ‘Espace Test’ (see page 22) as well as ‘Enerterre’ are examples of this. It should be noted, however, that not all experiments or innovations should be scaled-up. Some initiatives will

box page 22), providing a new fertile ground for social innovation.

RISE HUB (ITALY)
Rise Hub is an association based in Lazio (central Italy) that works on the promotion of community resilience through the development of personal skills, social inclusion, intercultural learning, sustainable territorial development and the creation of social ties. The association was created to respond to the local needs arising from two inflows of new inhabitants (return of young professionals and arrival of refugees and asylum seekers). It was created in 2015 building on the LEADER project ‘Terre e comuni’ (by LAG Lazio Part of the Abruzzo National Park) to pursue a real integration of newcomers in the rural context with the support of the ESF (CLLD). Young asylum seekers and refugees represent one fourth of the composition of the association. The association works in partnership with the neighbouring Verla LAG refugee centre Atina-Sora, public administrations, universities and research centres, reception centres for asylum seekers, territorial development agencies, farms, SMEs, cultural associations, national and European NGOs.

Through activities such as informal education, research in social innovation, legal advice and intercultural mediation, Rise Hub acts as a laboratory for social innovation and sustainable development at local scale, spreading a culture of solidarity and integration and enhancing local cultural identities and ultimately achieving positive change. Rise Hub also promotes international youth mobility through the ERASMUS+ project RISE EU and international work camps.

The LEADER cooperation project 'Espace-test' provides physical infrastructure, mentoring and networking support to young agricultural entrepreneurs. It is the result of a joint effort by three LAGs in Wallonia: Pays des Condruses, Culturalité en Hesbaye brabançonne and Entre Sambre et Meuse.

The project aims to set up, improve and expand a network of test areas in Wallonia, building on a previous LEADER project by LAG Pays des Condruses, ‘Point Vert experience’ (2013-2017).

The ‘Point Vert experience’ project provided free access to land for young entrepreneurs, training and advice on organic market gardening or horticulture. The young entrepreneurs could use test areas (between 10 ares and 1 ha) for a period of 18 months to improve their skills and start their business. Out of the 11 candidates hosted during the project period, six started successful organic farms in the area. Partnerships with local and regional service providers were also established to provide technical and advisory services to the new entrepreneurs.

This initiative was a first in Wallonia and proved effective both in terms of socio-economic performance and local development by enabling young talents to remain in the area.

http://espace-test.be

'VISENET'

The ViSEnet project, funded by the Erasmus + Strategic partnership for adult education (2018-2021), aims to promote social enterprise in rural areas by providing learning material, guidance and networking. Mainly developed from an urban perspective so far, the project combines the international knowledge and expertise of rural development and social enterprises of five countries (Estonia, Finland, Germany, Romania and Scotland).

The project targets individuals wishing to start or already engaged in social enterprise activities in their rural communities. It will create open access digital learning material, establish an international network to give the members peer support, advice and a platform to exchange information and good practices. The project aims at improving rural communities’ skills in establishing social enterprises, with long-term benefits for community development, social entrepreneurship and employability.

https://ec.europa.eu/programmes/erasmus-plus/projects/eplus-project-details/#project/2018-1-FI01-KA204-047308

suit only a very specific local context and will only need to be deepened (scaling deep).\(^{(4)}\)

Social innovation can also thrive in social enterprises and boost rural economies and prosperity. Social enterprises play a pivotal role in driving social innovations, by re-designing and re-engineering business models and value chains, developing new clusters and networks, or establishing new relationships or collaborations between public, private and third sector organisations. Social enterprises are still scarce in rural areas and some EU-funded projects such as ViSNet and RurAction (see boxes page 22 and above) are offering specific support.

FROM INNOVATION TO SOCIAL INNOVATION IN EUROPEAN RURAL DEVELOPMENT

Improving the competitiveness of agriculture, achieving sustainable management of natural resources and climate action and a balanced territorial development of rural areas are the overarching objectives of European rural development policy. To achieve this, EU policies and funding programmes have long supported innovation, at the heart of the 2020 EU growth strategy, as a powerful means to address rural areas’ specific challenges (low growth, under-employment, poor generational renewal, sub-optimal infrastructures and services, social inclusion and poverty),\(^{(5)}\) help them adapt to fast-paced changes and unlock their full potential.

Innovation is a cross-cutting objective for all six EU rural development policy priorities\(^{(6)}\) and can encompass all forms of innovation. Compared to mainstream innovations, ‘social innovations’ are critically driven by an additional motive: a social mission. The value they create is necessarily a shared value, both economic and social at the same time.

The LEADER method, now supported by Community Led Local Development (CLLD), is today widely recognised as a pioneer in social innovation development. Based on seven principles which have much in common with those of the social economy (see page 11) and of social innovation, LEADER is also implemented through a decentralised form of governance (Local Action Group) with civil society participation. The LEADER principles, when effectively implemented, are highly conducive to social innovation. Projects related to agriculture, food, on-farm solutions, often based on economic experimentation and innovation, integrate as well the social innovation approach and thus deliver wider societal impacts (see boxes pages 24-25).

The European Innovation Partnership for Agriculture (EIP-AGRI)\(^{(7)}\) was launched in 2012 to speed-up innovation on the ground in agriculture and forestry. It promotes a new interactive approach to innovation that brings together innovation actors with complementary backgrounds and expertise (farmers, advisers, researchers, businesses, NGOs and others), to build bridges between science and practice. It does this in particular through co-creating innovative solutions in collaborative projects (‘Operational Groups’) where all partners are involved throughout.

---

\(^{(4)}\) Moore, M.L. and Riddell, D. (2015) Scaling out, Scaling up, Scaling deep: Advancing systemic social innovation and the learning processes to support it, https://www.researchgate.net/publication/280394872_Scaling_out_Scaling_up_Scaling_deep_Advancing_systemic_social_innovation_and_the_learning_processes_to_support_it


\(^{(7)}\) https://ec.europa.eu/eip/agriculture/en
the process, and through networking activities across Europe. The EIP-AGRI innovative projects – set up at the national or regional level – address a range of themes, such as the more efficient management of natural resources, the sustainable control of pests and diseases, the smart use of waste and by-products and more, including social innovation aspects.

‘Innovations’ and digital technologies are at the heart of the Smart Villages\(^8\) concept launched in 2017. Smart Villages are laboratories where local communities test innovative solutions to face the challenges of rural areas while seeking to seize opportunities for a better life. In doing so, they are engaging in social innovation. Digital technologies are often used, but not always. Although distinct, the interaction and mutual reinforcement between digital innovation, new technologies and social innovation is increasingly acknowledged and supported, as shown by recent research and many projects such as SIMPACT.\(^9\)

**GO INNOLAND (SPAIN)**

The agri-food sector is strategic for Spanish society, which is facing land abandonment. In the region of Valencia, the Go Innoland EIP-AGRI Operational Group (2020-2022) is developing a battery of social innovation mechanisms based on Common Land Management Initiatives (GCIs) and other resources to address the problem of land abandonment and the lack of competitiveness of fruit and vegetable, wine and olive association companies.

Go Innoland will propose common management schemes to adapt production to market demands under technical criteria. It will also encourage the cooperatives involved to be the leaders of their production project through joint management of the plots and the planning of the production campaign according to their needs. The partnership includes farmers, academics, agri-food cooperatives and local public authorities.

[https://goinnoland.wordpress.com](https://goinnoland.wordpress.com)


---


**CONCLUSION**

While rural areas face inherent and specific challenges compared to other territories, societal issues encountered are very diverse, as shown in the various examples presented, such as migration, the management of natural resources, health or rural services. However, their rich economic, environmental and social diversity also represents an incredible asset that social innovations can unlock to contribute to “sustainable solutions to current and future societal challenges that concern all citizens of the Union”.

Rural areas have already demonstrated their capacity to create strong local communities and develop efficient bottom-up approaches to tackle local challenges, notably through LEADER. Social innovation pushes towards widening these partnerships to all innovation actors, including academics, the public and business sectors, social economy organisations and practitioners, as well as civil society, to create socially innovative rural ecosystems. As shown before, when social innovation, characterised by its specific social purpose, is combined with other types of innovation, whether organisational, economic or technological, it increases rural areas’ capacity to face contemporary interdependent challenges – social, environmental and economic ones – together. To fully exploit these capacities, social innovation and the right to experiment must be further supported to allow rural areas to become nodes of social change and to fruitfully contribute to the transition to a greener, more sustainable and inclusive European society.

---

(10) Social farming (or care farming) refers to the short or long-term use of agricultural, rural and natural resources, (such as animals, plants, the space and time of nature), to promote and generate social services in rural settings.
4. Social economy: the key to green growth, climate action and environmental protection

INTRODUCTION: WHY THE GREEN DEAL MATTERS

ACCELERATED BY THE PANDEMIC

SOCIAL ECONOMY – THE ‘NEW NORMAL’?

BY CLARE TAYLOR

Clare Taylor is a Brussels-based journalist and moderator specialised in sustainable energy and environmental topics. Her work includes advocacy, support for policy implementation, writing, speaking and research. She enjoys skillful communications, wicked problems and well-plotted thrillers.

Twitter: @Clare__Taylor
LinkedIn: https://www.linkedin.com/in/clare-taylor-4806864/
INTRODUCTION: WHY THE GREEN DEAL MATTERS

The current European Commission’s flagship policy is a far-reaching and still evolving ‘Green Deal’, covering almost every major policy area, from industry and agriculture to finance, and more. This European Green Deal was first announced by the Commission President Ursula von der Leyen on 11 December 2019, shortly after taking office on 1 December, and on the back of the ‘Green wave’ that saw unprecedented electoral success for green political parties and the highest voter turnout in the European elections in twenty years.

Von der Leyen described the Green Deal as Europe’s ‘moonshot moment’ due to the high ambition for a climate-neutral continent (no net emissions of greenhouse gases by 2050), a sustainable economy (economic growth decoupled from resource use) and a socially just, inclusive transition (no person and no place is left behind).

Farmers, agri-food businesses, foresters, and rural communities have an essential role to play in delivering several of the Green Deal’s ambitions, such as: building a sustainable food system; protecting and enhancing the variety of plants and animals in the rural ecosystem; contributing to the goal of net-zero emissions in the EU by 2050; maintaining healthy forests; and safeguarding natural resources such as water, air and soil.

Although the EU Green Deal was launched before the pandemic, the timing is uncanny, as the EU Green Deal is now by necessity setting the scene for a ‘green transition’ as a central element of the post-COVID recovery effort.

ACCELERATED BY THE PANDEMIC

The global COVID-19 pandemic has significantly accelerated the political and popular imperative for a green transition. The emergence of zoonotic diseases is linked to biodiversity loss, deforestation, and industrialised agriculture, particularly with regard to meat production. IDDRI, a leading French sustainable development think tank, has identified the agri-food industry as a particularly powerful driver in biodiversity loss and the generation of zoonoses.

In short, the link between human health and biodiversity loss is twofold: first, deforestation and species decline increase the risk of zoonotic pandemics; second, human health threats such as pandemics and antibiotic resistance are driven by factors that intersect with the drivers of biodiversity loss. With intensive agriculture widely recognised as the single biggest driver of biodiversity loss, transforming the agri-food system is therefore critical to bend the curve of species loss and ensure a healthier environment.

At the global political level, parties to the Convention on Biological Diversity (the biodiversity equivalent of the UN Climate Change Conference) are set to meet in Kunming, China in May 2021, with the goal of adopting ‘A New Deal for Nature and People’ that sets concrete goals and targets to conserve global biodiversity.

At European level (and part of the EU Green Deal), the new biodiversity strategy for 2030 aims to expand legally protected areas in Europe to at least 30% of land and 30% of sea (with at least 10% of these areas under strict protection) and create ecological corridors as part of a trans-European nature network. Legally binding targets for nature restoration are expected in 2021, and €20 billion per year for biodiversity will be sourced through EU funds as well as national and private sources.

However, although the Green Deal connects key issues including climate, biodiversity and health, to rural resource management, there is less recognition of the marginal economics of much primary production and its weak position in the food chain. Essentially the Green Deal approach for food systems change is...
de-intensification of agriculture: the Farm to Fork strategy aims to halve (by 2030) the use of chemical and more hazardous pesticides, reduce fertilizer use by at least 20%, and achieve 25% of total farmland under organic farming by 2030. This could have significant economic and market effects, including higher food prices, which is likely to prove an effective albeit politically unpopular mechanism for driving more sustainable food consumption.

SOCIAL ECONOMY – THE ‘NEW NORMAL’?

All this points to a major step change for rural Europe, given that forestry, agriculture, land use and ecology are now leading topics on the European and global political agendas. The pandemic has also disproportionately affected livelihoods, with strong negative impacts on sectors such as hospitality and tourism. In rural areas, farmers, businesses and communities have all been directly affected. (5)

The social economy is set to flourish under these conditions. Food systems change and mass-scale nature restoration are unlikely to be achieved by utilising a purely ‘for-profit’ economic model. Already, a number of EU-funded projects are supporting many mutual aid organisations and cooperation initiatives in rural areas, enabling farmers, foresters, landowners and rural-dwelling citizens to manage essential natural resources for the benefit of all (see boxes page 29).

The social economy is both a forerunner to the EU Green Deal and a pioneer in circular economy (see box below). Social economy enterprises already engage in recycling, reuse and repair, promotion of renewable energy via cooperatives, sustainable agriculture and other community-led rural development initiatives. Research (6) indicates that the social economy attributes are increasingly being emphasised in green public procurement of services including maintenance of public green spaces; cleaning services; and social services. The long periods of ‘confinement’ or ‘lockdown’ imposed by national governments during the pandemic have accelerated certain trends, including home-working and remote working, and presented new challenges, such as trade-offs around sensitive topics like privacy, in favour of health and safety. Although it is too early to call, it is also possible that the pandemic has triggered a reordering of society, one in which collective needs will be valued over individual gains. In this context the European social economy would thrive in the decade ahead and significantly contribute to making the EU Green Deal a reality on the ground.

RREUSE

RREUSE is a European network representing social enterprises active in reuse, repair and recycling. Their members employ people at risk of socio-economic exclusion and help bring them back into work. In addition, they bring products back to the market at affordable prices providing essential household items to low income groups. Approximately 95,000 employees, trainees and volunteers are engaged in the activities of its 27 members across 25 European countries and the USA.

The main activities of their members include:

- collection, sorting and redistribution of used textiles and clothing
- collection, repair and reuse of electrical and electronic waste (WEEE), furniture and other bulky waste
- home and community composting projects
- charity and second hand shops
- collection and recycling of paper, cardboard, wood, plastics, paints, metals, books and toys
- awareness raising campaigns, international projects, exchange of best practice and business support.

https://www.rreuse.org/about-us/

BYENS GÅRDBUTIK – THE TOWN’S FARM SHOP (DENMARK)

Supported by LEADER funding, this Danish project aimed to bring the tastes and experiences of the countryside to the town folk of Svendborg on the island of Funen in south-central Denmark. The resulting food retail outlet, Byens gårdbutik ('The town’s farm shop'), is located on Vesterøgade in the city centre of Svendborg.

Since opening in 2017, the shop has become a great showcase for small local food producers to better market and distribute their products. An important focal point is the store’s electric-powered van and cargo bike, which are used to bring food from local producers to the farm shop, local kitchens, eateries and other sales outlets. The employees share their knowledge of the products and promote new sales opportunities for producers. There are tastings, presentations of seasonal items and food themes.

The store is run as a social economy company that provides employment and upskilling to vulnerable groups on the edge of the labour market. In its first year of operation, several jobs were created: a full-time manager, a communication employee and five flexi-jobs at varied hours. In addition, the farm shop has several internships and also runs training courses in collaboration with the local job centre. In June 2018, the shop expanded operations (and hired more staff) to include a cosy café serving local products indoors and outdoors.

https://byensgaardbutik.dk

FARMLIFE

The LIFE project ‘FarmlIFE’ (2018-2023) contributes to a climate-resilient Europe by enabling the transition of conventional agriculture towards climate-resilient agroforestry. The project, which involves eight project partners from Belgium and the Netherlands, is developing adaptive farm plans that farmers can use to develop profitable agroforestry business models that can be contextualised to their own conditions. The emphasis is on empowering farmers through solidarity actions, including farmer-driven business networks such as the traditional farmers’ cooperative.

The roadmap to the agricultural transition is co-created together with entrepreneurs, knowledge institutes, government, and societal partners. Other supports developed by ‘FarmlIFE’ include a transition toolkit that can be used by farmers, policy makers and societal partners, and an innovative professional Masters programme to educate and prepare the agricultural transition managers of the future.

All the knowledge and information developed and assembled is open-source and freely available. Training modules are in development, including a Massive Open Online Course (MOOC).

Market outreach (‘value creation and competitiveness’) is also featured, through the development of innovative agroforestry food products and branding strategies. Policy feedback is delivered via highlighting project results to European Union, Dutch, Belgian, and regional policymakers.

https://www.farm-life.eu
INTRODUCTION

THE ROLE OF WORKER AND SOCIAL COOPERATIVES IN THE DIGITAL TRANSITION OF RURAL AREAS

TOWARDS A WELFARE 4.0

BY GIUSEPPE GUERINI AND MILA SHAMKU

Giuseppe Guerini is the President of CECOP – the European Confederation of Worker and Social Cooperatives active in the sectors of Industry and Services. Previously President of the Italian National Social Cooperative Federation (Federsolidarietà), he is also a Member of the European Economic and Social Committee.

Mila Shamku is Advocacy Coordinator at CECOP. Previously, she worked in the youth wing of the Party of European Socialists and in the European Committee of the Regions. In November 2020, she was elected Management Committee member at the European Social Platform. She holds a double Master’s degree in Public Policy Analysis and Local Governments’ Management from Sciences Po Grenoble (France) and the University of Turin (Italy).
INTRODUCTION

Cooperatives are one of the most widespread organised forms of social economy. They follow a very specific and well-defined business model based on seven principles: voluntary and open membership, democratic member control, member's economic participation, autonomy and independence, education, training, information, cooperation among cooperatives, and concern for the community. Amongst the different types of cooperatives, particularly those dedicated to the promotion of local development, we find worker cooperatives, social cooperatives (a form of cooperative which originated in Italy in the 1980s and which has since been introduced in Poland, Portugal and Spain, and which today employ 350,000 people in Italy); collective and community interest cooperatives (the SCIC in France) and the community cooperatives (which are present in Italy and the United Kingdom – see article 2, page 12).

Because of their features, cooperatives are a particularly interesting economic model for rural areas. Farmers’ cooperatives participate in the lives of their local communities and are driven by objectives which value and enhance the work and the human and natural capital of the territory, also by reinvesting a substantial part of their profits in the cooperative itself and the community.

THE ROLE OF WORKER AND SOCIAL COOPERATIVES IN THE DIGITAL TRANSITION OF RURAL AREAS

Beyond farming, digital technologies are key to making rural communities more attractive, smart and sustainable as well as to reduce problems related to remoteness and improving access to services. In the experience of CECOP, the role of cooperatives is particularly prominent in four fields: healthcare, education and sense of community, mobility, and access to digital infrastructure. Many cooperatives, including those examples mentioned in the following pages, have proven their unique capacity to anticipate, listen and respond to the needs of the communities in which they operate. In the annus horribilis 2020, many cooperatives have also proven to be resilient despite the unexpected, challenging circumstances.

Healthcare

Access to healthcare is of the utmost importance for all citizens – and is one of the fields where rural residents are often disadvantaged in comparison to urban populations. Some cooperatives are efficiently experimenting with new digital technologies to facilitate access to health services. The Italian social enterprise Net-medi-care (see box page 32) was established in 2018 to provide remote/online support and advice to psychiatric patients and their families. Net-medi-care is certainly innovative in working in close contact with the citizens most in need of support, including those in remote and marginalised areas, where the possibility of installing secure telenmedical and teleassistance systems may have a major impact on people’s quality of life.

4. https://cecop.coop/
Education, life-long learning
and sense of community

Access to education (particularly secondary education and life-long learning opportunities) is scarcer in rural areas than in urban ones. This is one of the causes of youth outmigration and influences the quality of life of adults and older residents who experience difficulties in engaging in life-long learning programmes. On the other hand, developing and strengthening a sense of community contributes to feelings of belonging, which can help retain the inhabitants of rural areas.

Various cooperatives are using digital tools to address the need for educational and community-building opportunities. Some initiatives combine the two through inter-generational activities which ultimately strengthen the social fabric of rural areas (see boxes on this page).

NET-MEDI-CARE (ITALY)

Net-medi-care is a ‘tele-medicine’ service established by the Kaleidos social cooperative in Bergamo (Italy) in 2018. It is the first virtual medical clinic set up in Italy. Its mission is to provide mental health support to psychiatric patients hosted by cooperative-managed structures in remote areas and their families, as well as to facilitate patients’ lives in their domestic environment. The virtual clinic was already expanding its services and this accelerated with the COVID-19 pandemic.

https://www.netmedi.care

STRIPES AND LIBERI SOGNI (ITALY)

The Stripes cooperative, which manages support for infant services as well as educational support services, has been able to use digital technologies in an interesting way to continue to provide educational services during the pandemic. As a result of the difficult circumstances, the relationships between the cooperative, families and young people have been further developed through a broad digital programming of the educational activities in the small municipalities of the provinces of Milan and Pavia (Italy). This has led, notably, to closer relationships being established between the families and the local community.

https://www.pedagogia.it/stri/pe/

In Carenno, Tremenico and Premana, small mountain municipalities in the province of Lecco (Italy), the social cooperative Liberi Sogni launched an Interreg project of digital maps of the history and images of the valleys. The maps include museums, eco-museums, natural areas, places of worship, mountain paths and many other features. The sense of belonging and, above all, the desire to contribute to the community’s development has culminated in a digital atlas created thanks to the contribution and suggestions of local citizens. It is available for everyone to discover.


SIMBIOZA (SLOVENIA)

The Slovenian social enterprise Simbioza, founded in 2011, organises activities focused on intergenerational cooperation, volunteering, lifelong learning, social entrepreneurship and socially responsible and ethical activities. Its activities are spread across the country. One of its flagship activities are training courses on digital literacy for the elderly living in rural areas. Simbioza matches them with young people and children who are able to teach them.

https://simbioza.eu

(5) Cinzia Arena, ‘Storie di cooperazione. Una casa per over 60 con problemi psichici’, in Avvenire, 7 March 2019, https://www.avvenire.it/economia/Pagine/una-casa-per-over-60-con-problemi-psichici (in Italian only)
Transport and mobility

The lack of public transport services represents another major problem for rural areas and several interesting experiences are currently being developed. Noteworthy examples are local car-sharing platforms serving rural areas, which are not economically interesting for the main globalised car-sharing digital platforms. This is the case of Mobicoop France (see box below), a platform cooperative whose mission is specifically designed for the rural areas of north eastern France.

Another French initiative, Railcoop, took things to another level and aims to improve rail connections across rural France by restoring abandoned railway services (see box above).

### RAILCOOP (FRANCE)

The French collective interest cooperative, Railcoop, has set itself the ambitious and complex objective of reactivating the cross-country railway line between Lyon and Bordeaux. This line has not operated for many years, obliging the rural communities to travel via Paris. In March 2021, Railcoop raised the necessary capital for the regulators to provide it with a railway licence.

Railcoop’s ambition is to give meaning to rail mobility by involving citizens, railway workers, companies and communities around the same objective: to develop an innovative rail transport offer under the cooperative form and adapted to the needs of all the regions concerned. Railcoop will be running its trains from 2022.

To be as inclusive and efficient as possible, Railcoop is a SCIC (Société Coopérative d’Intérêt Collectif) which foresees a multi-stakeholder cooperative governance with workers, users, local communities and local public authorities getting involved.

https://www.railcoop.fr

### MOBICOOP (FRANCE)

Mobicoop, a Société Coopérative d’Intérêt Collectif (SCIC), is a car sharing platform which is rivalling with the car sharing giant Blablacar. Buoyed by its 350,000 users, Mobicoop has committed itself to only using freeware and has introduced a secure and sustainable crypto currency based on blockchain technology for all its members (both workers and users) who wish to use it.

https://pro.mobicoop.fr/faciliter-covoiturage-milieu-rural/
Access to digital infrastructure

Access to efficient and reliable digital infrastructures is crucial for the quality of life in rural areas. There is hardly any professional activity that can be carried out today without a performing Internet connection.

According to the European Commission, almost half the homes in rural and remote areas in the EU have no access to fast or ultra-fast broadband. High-capacity broadband networks are essential for citizens and businesses to develop, deliver and enjoy online goods, applications and services across Europe. The success of e-commerce, the reliability of e-health applications, the access to information, and many more services depend on the quality of digital networks.\(^6\)

**CYBERMOOR (UK)**

The Cybermoor cooperative was established in the county of North East Cumbria in 2002 as the first English cooperative to specialise in the provision of broadband internet services. Rooted in an area where conventional enterprises did not provide such services for lack of a ‘market’ (too few clients), the cooperative’s main aims are to provide computers to people who need them, introduce broadband and connect the inhabitants who are scattered across a very rural area through a dedicated website.


**ELECTRIC RURAL COOPERATIVES (USA)**

A similar approach has been put into practice in many electric rural cooperatives in the United States. Users’ cooperatives have made a significant contribution to the electrification of many rural areas in North America at the beginning of the 20th century and are currently adapting to new needs and using their existing infrastructure to engage in the provision of broadband services. Such an example could inspire similar initiatives in Europe since it enjoys a ‘comparable’ economy. It also shows the adaptation of an alternative business model (the cooperative) that has been around for 150 years but, being run by its members, is still in touch with their needs and responds to them.


---

TOWARDS A WELFARE 4.0

In the context of the so-called ‘fourth industrial revolution’, fuelled by digital technologies, a great opportunity for Europe lies in the transformation of existing industries and enterprises – including social economy enterprises.

On the one hand, cooperatives can play an important role in supporting society as a whole in its efforts to prepare for the major transformations being introduced by new technologies in all economic and social sectors. On the other hand, the operational application of digital technologies may considerably improve the service provision of the organisations, and it can benefit their democratic governance as well.

The specific challenge for cooperatives is to promote a welfare and a mutualism that are in touch with the current societal needs of a digital transition. The participative and social dimensions of the cooperative economy represent a form of protection and safeguard of the real economy (the one based on labour and production rather than on financial speculation), which is also able to ensure the safeguarding and nurturing of social ties.

Blockchain technology is a noteworthy example of a digital development appropriate for the social economy. This technology allows large groups of people or organisations who may not know or trust each other to collectively agree on and permanently record information without the need for a third-party authority. By creating trust in data in ways that were not possible before, blockchain has the potential to revolutionise how we share information and carry out transactions online.\(^7\)

For this to happen, it is crucial to find the recipe to bring about a positive social, cultural and regulatory convergence which is able to create the best opportunities, to improve services in both the public and private sectors, whilst seeking to expand and increase the accessibility of new technologies to everyone, both citizens and society as a whole.

Whilst at the outset the challenge for social cooperatives was to develop the ability to combine an enterprise with social solidarity, this notion has now been firmly established. Over the coming years the challenge will be to combine welfare and work through the application of new technologies, whilst at the same time maintaining a focus on people and communities as the main priority.

---

6. EU support to the social economy

INTRODUCTION

CURRENT EU SUPPORT FOR SOCIAL ENTERPRISES

TOWARDS A EUROPEAN ACTION PLAN FOR THE SOCIAL ECONOMY

LOOKING FORWARD

BY TIM WILLS

Tim Wills writes and edits articles and studies mainly for European institutions. After 25 years in international banking and four years working closely on the fi-compass project, his expertise covers both private and public sides of finance and European support.

https://www.linkedin.com/in/timwills/
INTRODUCTION

In recent years, a greater focus on ‘people and the planet’ has highlighted the meaningful objectives of social organisations and enterprises, along with their contribution to the economy as a whole. This has led to broad definitions of the social economy and of social enterprises, which have been supported by the EU in one form or another for decades.

CURRENT EU SUPPORT FOR SOCIAL ENTERPRISES

EU support has not always specifically mentioned the social economy or social enterprises, but long-standing social organisations such as farmers’ and housing cooperatives are very much a part of Europe. Current EU support for social enterprises is available through many different channels. The main ones are European Structural and Investment Funds (ESIFs), notably the European Social Fund (ESF) through direct operations and capacity building, as well as the European Regional Development Fund (ERDF) through Community Led Local Development (CLLD) and social housing.

The European Agricultural Fund for Rural Development (EAFRD) supports the social economy, most specifically under Priority 6 – Promoting social inclusion, poverty reduction and economic development in rural areas, and LEADER is a key Measure. Social economy organisations such as farmers’ and consumers’ cooperatives can also benefit under other Priorities for example for investment support. Other beneficiaries include EIP-AGRI(1) innovation projects (so-called ‘Operational Groups’) that tackle specific practical issues and opportunities in the agricultural and forestry sector.

For the 2014-2020 funding period, additional EU support came from Erasmus+, training young entrepreneurs and Horizon 2020, funding research. Also notable are initiatives under the Employment and Social Innovation programme (EaSI)(2), aimed at increasing access to repayable finance for social enterprises. A comprehensive package of instruments was launched under the EaSI programme including technical assistance, a capacity building equity instrument, grants for building social investment markets, guarantees to financial intermediaries financing social enterprises and microenterprises, as well as support for EU-level networks active in the areas of social economy support and social enterprise finance such as the European Venture Philanthropy Association (EVPA)(3), RREUSE(4), the European Network of Social Innovation Enterprises (ENSIE)(5), the European Confederation of Industrial and Service Cooperatives (CECOP)(6) and the Euclid Network (see box below)(7).

Knowledge building and sharing about the social economy and social enterprises in the EU is also part of the Commission’s support. Within

EUCLID NETWORK’S FUNDING TOOLKIT FOR SOCIAL ENTERPRISES

Euclid Network is the European network for social enterprises that encourages capacity building and awareness raising in business, academia, government and the wider society, as well as by influencing European policy and funding. The organisation has produced a Funding Toolkit for Social Enterprises which overviews EU funding available for social enterprises in the 2014-2020 period and provides practical ‘tips & tricks’ for accessing EU funds.


---

(1) https://ec.europa.eu/eip/agriculture/en
(2) https://ec.europa.eu/social/main.jsp?catId=1081&langId=en
(3) https://evpa.eu.com
(4) https://www.reuse.org
(5) http://www.ensie.org
(6) https://www.cecop.coop
(7) https://euclidnetwork.eu
the EU, the Commission has carried out studies on social enterprises (8) including a mapping of social enterprises and their ecosystems. (9) It has also prepared policy briefs, country in-depth reviews and launched a ‘Better entrepreneurship’ online policy tool in coordination with the OECD. (10) In addition, the Directorate-General for Structural Reform Support helps EU countries to design and carry out structural reforms as part of their efforts to foster job creation and sustainable growth. This includes support for Member States and regions to clarify definitions and objectives concerning social enterprises and the social economy.

Beyond the EU, the Commission works closely with the European External Action Service (EEAS) (11) to participate in international development forums (Agenda 2030 and Sustainable Development Goals, the G20 inclusive business platform and the G7 global social impact investment steering group). These enhance the visibility of the social and solidarity economy and make it part of the global political agenda. The UN Inter-Agency Task Force (12) and the International Leading Group on the Social and Solidarity Economy (ILGSSE) (13) are already observers to the Commission’s Expert Group on Social Economy and Social Enterprises (GECES). (14) The Commission supports the prospect of more EU countries becoming members of the ILGSSE.

TOWARDS A EUROPEAN ACTION PLAN FOR THE SOCIAL ECONOMY

Currently, the Commission is looking to clarify and coordinate approaches to recognising and supporting the social economy through a European Action Plan for the Social Economy, due to be published in 2021. (15) The Action Plan will build on the 2011 Social Business Initiative (16) which aimed to create a favourable climate for social enterprises as key stakeholders in the social economy.

Many social enterprise initiatives closely involve the Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) and the Directorate General for the Internal Market, Industry, Entrepreneurship and SMEs (DG GROW). The Commission Expert Group on Social Economy and Social Enterprises (GECES) is a notable example where both DGs are closely involved in coordinating the work and chairing the meetings. Both DGs are expected to be instrumental in drafting the Action Plan and are working with 25 other Commission services to ensure a coherent and comprehensive approach to support for social action.

In its approach to this diverse sector, the Commission does not seek to provide a standard definition that would apply to everyone and lead to a regulatory straitjacket. (17) The Action Plan will likely offer a description based on principles shared by most Member States while respecting their diversity of political, economic and social choices as well as the capacity of social entrepreneurs for innovation. This would be very much in line with the EU motto ‘In varietate concordia’ (Unity in Diversity).

The Commission is likely to adopt more specific operational definitions only if regulatory measures or incentives require precision, with representatives of the sector being closely involved in the process.

DG GROW have published consolidated information on the social economy in

---

(8) https://ec.europa.eu/social/main.jsp?langId=en&catId=89&furtherNews=yes&newsId=9534
(9) https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8274
(10) https://ec.europa.eu/social/main.jsp?advSearchKey=socentercountryreports&mode=advancedSubmit&catId=1307&doc_submit=&policyArea=0&policyAreaSub=0&country=0&year=0
(12) http://unssse.org
(13) http://www.esfii.coop/en/
(17) ibidem
LOOKING FORWARD

EU level initiatives launched since 2011 have enabled more social enterprises to access EU support. Continuing the trend of recent years, European policy objectives for the 2021-2027 period include the EU Green Deal, the European Pillar of Social Rights and the Digital Agenda for Europe. These all highlight the role of the social economy and of social enterprises in the EU.

Especially relevant is the Next Generation EU recovery fund which will be integral to economic and social recovery from the COVID pandemic as communities, especially in rural areas, adjust to substantial changes. The social economy and social enterprises, as well as social innovation initiatives, help address social challenges that the State or private businesses are failing to address. Therefore, they are complementary to traditional public administration support. They can also play a key role in the green and digital transition which is at the heart of the recovery efforts.

In the new programming period, the European Commission aims to support projects that provide EU added value and are coherent with EU policy objectives. A significant part of this will be through InvestEU, the proposed flagship investment

### InvestEU: what will it finance?

InvestEU supports four different policy areas, focusing on where the EU can add the most value by providing a budget guarantee to attract private investment.

#### SUSTAINABLE INFRASTRUCTURE

Financing projects in sustainable energy | digital connectivity | transport | circular economy | water, waste and other environment infrastructure and more.

#### RESEARCH, INNOVATION AND DIGITISATION

Financing projects in research and innovation | taking research results to the market | digitisation of industry | scaling up larger innovative companies | artificial intelligence and more.

#### SMALL BUSINESSES

Facilitating access to finance for small and medium-sized companies (SMEs) | small mid-cap companies.

#### SOCIAL INVESTMENT AND SKILLS

Financing projects in skills, education, training | social housing, schools, universities, hospitals | social innovation | healthcare, long-term care and accessibility | microfinance | social enterprise | integration of migrants, refugees and vulnerable people and more.


---


(19) [https://ec.europa.eu/growth/content/european-social-economy-regions-pilot-eser_en](https://ec.europa.eu/growth/content/european-social-economy-regions-pilot-eser_en)


Support for social economy, social enterprises and social innovation will continue through EU funds. Especially important will be the ESF+ \(^{(23)}\) and the ERDF \(^{(24)}\), as well as the EAFRD. \(^{(25)}\)

The 2018 legislative proposal for the CAP for 2021-2027 \(^{(26)}\) included the objective of promoting employment, growth, social inclusion and local development in rural areas. This is now within the proposed Specific Objective to Foster vibrant rural areas (SO8). \(^{(27)}\) Other Specific Objectives that are especially relevant for social enterprises are: Rebalance the power in the food chain (SO3), Climate change action (SO4), Environmental care (SO5) and Preserve landscapes and biodiversity (SO6).

In this context, support is expected to continue and may even increase for social economy initiatives for rural communities, including through the Smart Villages \(^{(28)}\) initiative and CLLD under the LEADER approach. \(^{(29)}\) There are already examples of Local Action Groups under LEADER initiating social innovation actions (see box page 11).

Stakeholders should find that newer platforms such as the European Commission’s Social Economy Community \(^{(30)}\) and the ESF national competence centres for social innovation \(^{(31)}\) are likely to provide a focal point for their interests.

LAG POHJOINSIN LAPPI (FINLAND)

This LAG in Lapland has created a social innovation model, through which people can get jobs in their home villages by providing social services for senior citizens and families with small children. The operation is organised in the form of a local cooperative. It brings together customers who need services, the municipality whose task it is to offer services, the professionals and 26 part-time workers delivering these services in 11 remote villages.

The project was planned and implemented in very close cooperation with the municipality and the villages. Now other areas are planning this type of co-operative approach within projects funded by LEADER or other funds.

ENRD PUBLICATIONS RELATED TO RURAL SOCIAL ECONOMY

EU Rural Review 24
'Re-imagining Rural Business Opportunities'

EAFRD Projects Brochure
'Digital and Social Innovation in Rural Services'

ENRD PUBLICATIONS

Our publications keep you up-to-date with all the latest news, views and developments in European rural development!

Each ENRD publication is published twice a year and is available in electronic and printed format in six EU languages (DE, EN, ES, FR, IT, PL): https://enrd.ec.europa.eu/publications/search

EU Rural Review
The ENRD’s main thematic publication.

EAFRD Projects Brochure
A selection of EAFRD-funded projects on a specific rural development theme.

Rural Connections
The ENRD Magazine presenting policy updates and perspectives from rural development stakeholders in Europe.

ENRD Newsletter
All the latest rural development news from Europe – delivered straight to your inbox once a month!
Subscribe here: https://enrd.ec.europa.eu/news-events/enrd-newsletter_en

FINDING INFORMATION ABOUT THE EU

Online
- Information about the European Union in all the official languages of the EU is available on the Europa website at: https://europa.eu/european-union/index_en

EU publications
- You can download or order free and priced EU publications at: https://op.europa.eu/en/publications
- Multiple copies of free publications may be obtained by contacting Europe Direct or your local information centre (see https://europa.eu/european-union/contact_en).