

The role of the Social Economy in the Barcelona Process



Euro-Mediterranean Social Economy Network (ESMED)

Introduction

The 1995 “Barcelona Declaration”¹ represented a historic milestone in the establishment of a process aimed at providing a framework for economic, political, social and cultural cooperation between the European Union and 10 countries in the Mediterranean Basin². The Mediterranean region has always been a priority in the European Union’s Foreign Policy. The process started in Barcelona implies the establishment of a co-operation framework with the Associated Mediterranean Countries to overcome the co-operation agreements aimed until a few years ago mainly at regulating the commercial relations between the European Union and its partners in the region.

The so-called “Barcelona Process” is generating a true Euro-Mediterranean dialogue. The goal of this process is the construction of a space in which to achieve certain common targets focusing on **three main baskets**:



1. **Dialogue on policies and security**, aimed at ensuring the establishment of an area of peace and stability based on respect for Human Rights and Democracy, leading to the creation of a “Charter for Peace and Stability in the Mediterranean”.
2. **Economic and financial co-operation**, with the aim of creating a shared area of prosperity. In this sphere, the target pursued is to create a Free Trade Area by 2010 covering the countries of the European and its Mediterranean partners.
3. **Social, cultural and human co-operation**, where the mission is to improve the dialogue between cultures and to promote a rapprochement between citizens in the Euro-Mediterranean region and to reinforce the role of the civil society.

Together with the Government representatives of the participating States, the civil society has been involved in working in favour of the creation of a true Euro-Mediterranean space.

¹ More information at http://europa.eu.int/comm/external_relations/euromed/bd.htm

² Morocco, Algeria, Tunisia, Egypt, Israel, Palestine Authority, The Lebanon, Jordan, Syria and Turkey. Malta and Cyprus are new members of the European Union.

Within the raft of agents making up civil society, the Social Economy is an economic and social agent with a presence in all of the Mediterranean Associated Countries and in the Member States of the European Union, an agent that can and wants to collaborate actively, through its representative organizations, such as the Euro-Mediterranean Social Economy Network (ESMED), for the achievement of the goals of the Barcelona Process.

Social Economy companies and institutions play a very important role in the eradication of poverty in the countries of the Mediterranean through the implementation of economic activities aimed specifically at covering the general interest needs of the communities and regions in which they exist. This document attempts to highlight the role that the Social Economy and its representative organizations play and can play in the design and implementation of the policies and programmes of the European Union and its Member States in favour of social and economic development in the Mediterranean.

What is the Social Economy?

The concept of Social Economy is a term used to identify companies and institutions that, under a wide variety of legal formats (generally co-operatives, mutualities, associations, foundations, although there are other specific forms of Social Economy³ in some countries of Europe and other innovative forms are emerging⁴), govern their economic activities in accordance with certain **principles**⁵ that distinguish them from capital companies:

- ↳ Importance given to humanity and to social goals over capital, i.e. they are **people companies**
- ↳ **Democratic control** by the people making up these companies.
- ↳ **Conciliation of the interests of their members, users and/or the general interests of their members and beneficiaries.**
- ↳ They are companies that defend and implement the **principles of solidarity and social responsibility.**
- ↳ These companies are characterized by **their management independence and their separation from the public authorities.**
- ↳ They are companies in which **the surpluses are allocated to the social purpose** through distribution or reinvestment in line with the wishes of their members for: the creation of jobs, creation of new businesses, bonus on capital invested, provision of services for members, development of socio-cultural activities, etc.

The "Green Paper on the Entrepreneurship in Europe"⁶ by the European Commission highlights the role of social economy companies in encouraging "the participation of interested parties in the management and provision of (...) service (in the fields of health, education and welfare), propitiating innovation and customer focus". Social Economy companies play a major role in the sustainable development of the societies in which they are located because:

³ For example, social co-operatives in Italy, the Employee-owned Companies and the Spanish National Organization for the Blind (ONCE) in Spain.

⁴ Social companies with various names in each country tend to a greater inclusion of people at risk of exclusion on the labour market.

⁵ In accordance with the Principles of the Social Economy drafted at the Permanent European Conference on Co-operatives, Mutualities, Associations and Foundations (PEC-CMAF), a European platform representing the Social Economy at the Community level.

⁶ COM (2003) 27 final, dated January 21st, 2003

- ↕ They are an alternative to traditional companies, as **they are born out of the initiatives of individuals with the purpose of generating, collectively and democratically, economically viable and competitive business projects with a social interest and collective purpose.**
- ↕ Social Economy companies are frequently the only economic possibility for the **creation of wealth** and the **provision of social services in geographical areas without industrialization or without appropriate provisions.**
- ↕ Social Economy companies work in favour of **solidarity and social cohesion.**
- ↕ The Social Economy is a factor generating **stable and quality jobs.**
- ↕ The Social Economy companies are **socially responsible** and enhance the **sustainable development** of the territories where they are located, **creating wealth in those regions lacking resources and giving roots to the people in their neighbouring territories.**
- ↕ The Social Economy is a fundamental factor for the **articulation and organization of the territory**, by acting locally in line with the needs and interests of their setting.

In addition, the Social Economy is also a fundamental factor for the development of a fair and cohesive society as well as an active participation by citizens, as it is characterized by the fact that their management of economic activity is based on the democratic participation of the companies' members and their involvement in the Community. Within the European Union, Social Economy companies represent 6.6% of jobs⁷, whereas for example in Tunisia represent 20%⁸ of employment. Social Economy companies and institutions are present in all of the countries in the European Union and in the Southern Mediterranean countries.

⁷ Source: Survey "Social Economy and Employment in the E.U. Pilot Action "Third System and Employment" by the European Commission. International Centre for Investigation and Information on the Public, Social and Co-operative Economy.

⁸ Approximation provided by the Mediterranean Social Economy Institute (IMES)

The reality of the Social Economy in the Third Party Mediterranean Countries

The Euro-Mediterranean Social Economy Network (ESMED)

In October, 2000, several social economy organizations from **France, Greece, Italy, Portugal** and **Spain** created the Euro-Mediterranean Network of Social Economy (ESMED)⁹. One of the goals of this network is to *“contribute to the dialogue between the Social Economy organizations in the South of Europe and those in the countries in the Southern Mediterranean Basin, encouraging the establishment of contacts, the interchange of expertise and the channelling of resources to foster the development of this sector in these countries”,* as well as to *“put forward and carry out transnational co-operation projects aimed at facilitating the development of Social Economy companies (...), particularly in the countries in the Southern Mediterranean Basin (...)”*¹⁰.

Since the establishment in April, 2001, of a permanent Secretariat for the ESMED Network¹¹, we have begun to understand the reality of the Social Economy in the Associated Mediterranean Countries and to establish means for dialogue with the organizations representing companies in the sector in some of the countries in the region, particularly in North Africa. Since 2004, **Morocco**¹² participates in the Network.

Besides the traditional legal forms of social economy (co-operatives, associations, mutualities), Social Economy in the Southern Mediterranean Basin has some specific figures¹³. Even though this type of enterprises are present in all the countries of the region, it must be said that there is also a scant degree of familiarity and understanding of the concept of the Social Economy¹⁴.

⁹ In a schedule, there is a presentation on the Euro-Mediterranean Social Economy Network (ESMED)

¹⁰ Protocol for the Formalization of the creation of the Euro-Mediterranean Social Economy Network (ESMED), signed in Ghent on November 12th, 2001.

¹¹ The organization in charge of backing the Secretariat until the end of 2004 is the Spanish Business Confederation of the Social Economy (Confederación Empresarial Española de la Economía Social or CEPES).

¹² The Office du Développement de la Coopération (ODCo)

¹³ For example, the “Tontines” are associations grouping together members of a clan, a family, neighbours or individuals who decide to share goods or services for the benefit of all. The most elementary form of “tontine” is a mixed savings and credit fund formula based on the creation of a common fund from the regular contributions made by all the beneficiaries. All of the participants benefit, in turn, from this common fund.

¹⁴ Many Social Economy organizations in the Associated Mediterranean Countries do not understand what this terminology refers to nor are they aware of sharing a different way of creating companies or conducting business with other companies or institutions with which to collaborate and achieve shared goals.

The most evident case is that regarding **CO-OPERATIVES** and specifically **agricultural co-operatives**, which are strongly organized in several Mediterranean countries. There are representative organizations for this sector in **Egypt**¹⁵, **Morocco**¹⁶, **Turkey**¹⁷ or **Palestine**¹⁸ and also federations of farmers with close ties to the co-operative movement in **Algeria**¹⁹, **Tunis**²⁰ and **Cyprus**²¹.

The co-operative movement is not limited to the agricultural sector but also has a presence in such other economic sectors as:

- **Housing**²²
- **Banking and Credit Institutions**, in countries such as **Cyprus**²³ or in **Turkey**²⁴
- **Consumers and users** (e.g. **Israel**²⁵)



Members of the Female Co-operatives Group at Argán Oil, TARGANINE (Morocco)

In some countries, the co-operative sector has a level of development that has allowed it to organize itself in multi-sector Confederations. This is the case of the “Pan-Cyprus Co-operative Confederation Ltd” in **Cyprus**, the “National Co-operative Union of Turkey” in **Turkey**, the “General Co-operative Union of Egypt” in **Egypt** or **Israel’s** “Central Union of Co-operative Societies in Israel”.

¹⁵ Central Agricultural Co-operative Union of Egypt (CACU)

¹⁶ Union Nationale de Coopératives Agricoles de Maroc

¹⁷ Tarsus Union of Agricultural Co-operative Societies

¹⁸ Agricultural Co-operative Union

¹⁹ Union Nationale des Paysans Algériens

²⁰ Fédération Nationale des Coopératives, which is a member of the Union Tunisienne de l’Agriculture et de la Pêche (UTAP)

²¹ Cyprus Turkish Farmers Union and the Union of Cypriot Peasants (EKA)

²² Central Housing Co-operative Union of Egypt

²³ Co-operative Central Bank Ltd and the Cyprus Turkish Co-operative Central Bank

²⁴ Central Union of Turkish Agricultural Credit Co-operatives

²⁵ Coop-Blue Square Consumer Coop

A Social Economy “family” carrying out a particularly relevant role in the development of the Mediterranean Associated Countries is the sector of **ASSOCIATIONS OF GENERAL INTEREST OR DEVELOPMENT ASSOCIATIONS.**

The main goal of these organizations is to work in favour of job creation and the improvement of the social and economic situation of the most disadvantaged groups (women, young people, disabled people, etc), especially through the development of micro-companies or SMEs (this is the case of the “Tunis Federation for Social Development” of **Tunisia**²⁶ or the “Association Twiza”²⁷ in **Algeria**) or else by carrying out such activities as the creation of special centres or workshops for disabled individuals to foster their participation in the job market (for example the “Association Tunisienne pour la Promotion de l'Emploi des Handicappés” in **Tunisia**).

In **Morocco** there is a wide range of associations devoted to the management of **micro-credits** such as, for example, the “Fondation pour le Développement et le Partenariat” (FONDEP)²⁸ or the “AL-AMANA” Association²⁹ or the “AMAPPE-Association Marocaine d'Appui pour la promotion de la Petite Entreprise”³⁰. Furthermore, co-ordination platforms have been set up in this country for the development associations, for instance, through the “Carrefour des Associations du Développement et d'Environnement”³¹ to allow the joint



²⁶ <http://www.ftss.planet.tn>

²⁷ Among other goals, it pursues the development of the sense of solidarity and the promotion of the spirit of initiative in social, economic and cultural life

²⁸ Devoted to local development and the integration of disadvantaged collectives in the rural world through support for the people looking to undertake their own business activity, acting on local development, the promotion of women; the fight against poverty, training and insertion for young people, literacy for youth. Web: <http://www.fondep.com/>

²⁹ Leader in the provision of solidarity credits for the creation of micro-companies generally in popular urban areas and in some rural areas. Web: <http://www.alamana.org/>

³⁰ Its goals are:

- To support the design of projects (Consultancy, carrying out feasibility studies, information...)
- To improve the professional qualifications of entrepreneurs through the provision of training services.
- To promote the spirit for the creation of companies.

Web: <http://perso.club-internet.fr/techdev/MarocAMAPPE.htm>

³¹ The “Carrefour des Associations del Développement et d'Environnement” comprises the following organizations:

- L'Association Marocaine de Solidarité et de Développement (AMSED), in charge of co-ordinating the Network's activities.
- L'Association Oued Srou (AOS) located in Khenifra.
- L'Association Marocaine d'Appui à la Petite et Moyenne Entreprise (AMAPPE) located in Rabat.
- La Fédération des Associations de Développement et d'Environnement (FADEF) located in Figuig.

efforts of its member associations at the national level in the defence of shared interests and the generation of synergies among the associated organizations.

The **MUTUAL SOCIETIES** movement is also present in various member states, as is the case of **The Lebanon**³², **Israel**³³, **Algeria**³⁴, **Morocco**³⁵ and in **Tunisia**³⁶. The representative organizations of the Mutual societies in these three last-named countries are encouraging the creation of the *North African Mutuality Union*. It is worth highlighting the role played by the mutual societies sector in Tunisia for the promotion of the Social Economy sector in this country as well as in the Mediterranean Basin. Thanks to the initiative of the “National Union of Mutualities (UNAM)” in Tunisia in collaboration with other organizations, 2002 saw the creation of the **Mediterranean Social Economy Institute (IMES)** with its clear vocation to act as the representative of the Social Economy organizations in Tunisia³⁷, starting from its activity as a centre for professional qualifications in the management of mutualities, associations and the Social Economy.

Included among the **Research Centres** is the “Centre for Third Sector Research”, which is in charge of studying not-for-profit non-governmental organizations in Israeli society³⁸.

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- L'Association Mouvement Twiza, located in Khemisset.
 - L'Association Tichka located in Ouarzazate.
 - L'Association d'Appui aux Initiatives de Développement Local (AMAL) located in Tendirara.

³² Union Technique des Mutuelles Santé au Liban (UTML)

³³ Kupat Holim Clalit (K.H.C)

³⁴ Fédération des Mutuelles d'Algérie (FMA)

³⁵ Caisse Nationale des Organismes de Prévoyance Sociale (CNOPS)

³⁶ Union Nationale des Mutualités (UNAM)

³⁷ It currently comprises:

- Union Nationale des Mutuelles Tunisiennes (UNAM), a federation of 66 mutualities offering health services to over 100,000 beneficiaries.

- Association Tunisienne Femmes Pour le Développement Durable (FDD), which groups together 38 community organizations of women at the national level. Their goals are to work in favour of the creation of employment and projects to generate revenue and sustainable local development. It tries to help its 7,000 members to take advantage of micro-credits, subsidies, training, etc. in order to achieve their goals.

- Association Générale des Insuffisants Moteurs de Tunisie (AGIM) co-ordinates the activity of 40 centres throughout the Republic of Tunisia, aiming to support the insertion of 70,000 disabled individuals.

³⁸ Web: <http://www.bgu.ac.il/ICTR/>

The **MINISTERIAL DEPARTMENTS** of the Governments in the Associated Mediterranean Countries include in **Morocco** a specific Ministry dealing with Social Economy issues³⁹. This situation is not repeated in the rest of the countries in the region where the protection of this kind of company depends on those ministries directly concerned with the spheres or sectors in which they operate⁴⁰.

It is also worth highlighting the existence in Morocco of a public institution answering to the Minister for the Social Economy and in charge of developing the co-operative sector: this is the **Co-operation Development Office (ODCO)**⁴¹ with the following main **missions**:

- To handle the requests for the creation of co-operatives and their unions.
- To facilitate support services for co-operatives.
- To study and put forward statutory reforms affecting the co-operative sector.
- To maintain the public register of Moroccan co-operatives.
- To conduct campaigns to increase awareness, information and training so as to foster a people-based economy in structured employee-participated companies.

The present review is limited to highlighting the existence of the Social Economy and its organizations in the Associated Mediterranean Countries. Many of the organizations indicated so far have shown their willingness to work in favour of the “Barcelona Process”, either through participation in the Euro-Mediterranean Summits of the Economic and Social Councils and similar institutions, on which some are present⁴², or else through the TRESMED programme aimed at reinforcing the consultative function of the economic and social representatives⁴³ in the Associated Mediterranean Countries, where various social economy representative organizations of North African countries⁴⁴ have taken part.

³⁹ Ministre du Tourisme, de l'Artisanat et de l'Economie Sociale. The Minister is Mr. Adil Douiri

⁴⁰ E.g. Ministry of Agriculture in Algeria or Tunisia, for agricultural co-operatives; the Ministry for Social Policies in Malta for co-operatives in general or the Ministry of Finance for the Mutualities in Tunisia.

⁴¹ “Office du Développement de la Coopération”.

⁴² Fédération des Mutualités d'Algérie (FMA), Cyprus Turkish Farmers Union, Union of Cypriot Peasants (EKA), Central Agricultural Co-operative Union of Egypt (CACU), Jordan Farmers Union; Union Générale des Paysans de Syrie, Union Nationale des Mutualités (UNAM) (Tunisia), Union Tunisienne de l'Agriculture et de la Pêche (UTAP)

⁴³ This project is being run by the Spanish Economic and Social Council and is aimed at promoting and reinforcing the consultative fora of the organized civil society in Third Mediterranean Countries, as well as the participating organizations.

⁴⁴ For example, the Fédération des Mutuelles d'Algérie (FMA), the Union Nationale des Mutualités (UNAM) and the Union Tunisienne de l'Agriculture et de la Pêche (UTAP)

The social and economic situation in the Third Countries of the Mediterranean

Responses from the Social Economy

The Euro-Mediterranean region is an area of special strategic interest for the European Union. For several years the Union has been making a considerable financial and human effort to support the economic and social development of these countries by sending funds and establishing structures for bilateral and multilateral dialogue. These political actions are intended to implement the three spheres of co-operation of the Barcelona Process. In line with this philosophy, the community aid are mainly channelled through the MEDA programme⁴⁵ and the credits of the European Investment Bank (EIB)⁴⁶. These programmes are mostly intended to ensure stability and economic growth in markets in the midst of transition, and particularly to prepare their adaptation to the Free Trade Area in 2010, so that the Associated Mediterranean Countries are prepared for the free circulation of goods and capital flows.

Despite the great effort made, the social and economic reality of many of the Associated Mediterranean Countries is far from being the most favourable. The growth enjoyed in the last few years by some of the economies in the Associated Mediterranean Countries⁴⁷ have not been translated into either a reduction in the level of chronic unemployment⁴⁸ in some economies nor into a reduction in the imbalances between the northern and southern shores of the Mediterranean⁴⁹.

Various factors have been put forward to explain this situation of imbalance⁵⁰:

⁴⁵ For the period 2000-2006, the programme has an overall budget of 5.35 billion Euros

⁴⁶ For the period 2000-2006, the EIB is going to assign a total of 7,424 million Euros

⁴⁷ In 2002 the region grows an average of 1.6% of GDP in 2002, and fortunately in the year 2003 it increased to the 3,5%. Source: "Economic Review of EU Mediterranean Partners". Directorate General for Economic and Financial Affairs. European Commission. January 2003. March 2004.

⁴⁸ Number of official unemployed grows from 10% to 15%. In some countries, this levels is 30%, as Palestine (27,5%).

⁴⁹ The mean per capita income in 9 of the 12 Associated Mediterranean Countries is 2,100 US dollars, whereas in the European Union it amounts to 20,800 US dollars. Source: "The Economic situation of the Mediterranean Countries". European Investment Bank. 2003

⁵⁰ Arab World Competitiveness Report 2002-2003. World Economic Forum.

1. Political and social instability.

- Perception of the Euro-Mediterranean region as an unstable setting because of such factors as the following:
 - Armed conflicts in certain countries in the region (Palestine)
 - Strong demographic growth not accompanied by economic growth allowing the generation of life expectancy in the region.
 - Devaluation of the Moslem world's image following terrorist attacks.

2. Deterioration of the business setting

- There is a very scant regulatory framework for business activity and a high degree of state intervention in economic life. This is reflected in the fact that private investment is only twice state investment, a proportion that is far from the average of the economies in the OECD (up to six times more) or the countries in South-East Asia (almost five times greater).
- Excessive economic dependence on key sectors such as the oil sector (for instance, a fall in oil prices brings with it imbalances in the States' accounts through a drop in their foreign currency inflow) or tourism (for example, the decline in the flow of tourists to countries in the region as a result of the September 11th attacks or the war in Iraq are producing a drop in the revenue per visitor), highlighting the lack of business diversification that would favour sources of wealth creation.

3. Low qualification of human capital.

- There is a high level of illiteracy among adults, particularly in the female population (Algeria 35% (46% among women), 46% in Egypt (58% among women), 53% in Morocco (66% among women) for example)⁵¹ and a low level in the education systems and a lack of adaptation of formal education to the needs of the labour market.

Political measures are being taken by the governments of the Associated Mediterranean Countries to ensure the opening-up of their markets and a greater de-regulation of certain sectors dominated by state monopolies.

⁵¹ Source: European Investment Bank.

Nonetheless, the public opinion in the Associated Mediterranean Countries fears that the creation of a free trade area can affect the fragile private productive structures in their countries; all the more so considering that the association agreements do not allow access to European markets for those products where they are competitive (agricultural products, textile industry, for instance).

For this reason, and in view of the irreversible nature of these opening processes, the Associated Mediterranean Countries are currently making efforts to reinforce the private sector and continue the reform policies aimed particularly at the privatization of economic sectors still under public control.

What answers can the Social Economy provide?

The added value offered by the Social Economy companies is their ability to engage people in competitive economic projects ensuring the provision of goods and services of general interest to their beneficiaries or covering basic needs of the population, at the same time as they generate wealth in the communities where they carry out their activities and where traditional investment does not reach.

The Social Economy is a fundamental factor for the promotion of the entrepreneurial spirit and a private sector to reinforce the creation of a diversified and autochthonous corporate fabric, generating quality employment in the same territory with criteria of solidarity and general interest.

As indicated in the conclusions of the European Conference held in Salamanca on "The Social Economy as an instrument for integration and social cohesion"⁵², this type of enterprises respond to such needs as:

⁵² May 27th and 28th, 2002, Salamanca (Spain). These conclusions were adopted by the Permanent European Conference on Co-operatives, Mutualities, Associations and Foundations (PEC-CMAF), in representation of the Social Economy at the European level, and by the government departments with responsibility for matters concerning the Social Economy from 11 of the European Union Member States.

Mondragón Co-operative Corporation (MCC)

The “**MONDRAGÓN CO-OPERATIVE CORPORATION**” (Spain) is one of the first nine Spanish companies that have governed their business activity by the co-operative principles of democracy, participation and solidarity. It currently groups together 147 co-operatives and employs almost 70,000 people. The Corporation groups together co-operatives engaged in industrial manufacturing (in such sectors as automobiles, components, construction, industrial equipment, household goods, engineering for goods and equipment, machine tools), in distribution, industrial sectors and food service; co-operative banking, insurance and social welfare and it also has several training centres, (including a university) as well as its own research centres. (<http://www.mcc.es>)

1. **Job creation**, generating greater stability and quality of employment.

2. **It fosters entrepreneurial and business ability**, encouraging personal involvement in the construction of society. Social Economy companies have been born out of the initiative of a group of individuals sharing a common economic project, for which they share resources to obtain a general interest.

3. It is a **factor for social cohesion and insertion**, since SE companies work in favour of:

- The employment and social integration of people at risk of exclusion because of their special difficulties.

Insertion Companies and Special Employment Centres

Since the 1970s in **France**, there have been companies that are devoted to the insertion of **persons excluded** from the labour market or those with great difficulties for finding employment in productive activities. These companies are known as “**insertion companies**” and they grew by 250% between 1990 and 1996 (Source: “Las empresas de inserción en España. Un marco de aprendizaje” (Insertion companies in Spain. A framework for learning) by Luis M^a López Aranguren Marcos. Spanish Economic and Social Council). Their great social value is to re-insert people with special personal circumstances (former drug addicts, ex-prisoners, etc.) into normal working and social life through economic activities such as outsourcing (assembly of parts, carpentry) or recycling. In the sector of the **disabled** in **Spain** the most important figure is the “**Special Employment Centres**” which are intended to achieve the social and employment integration of these groups. These centres are devoted to activities such as cleaning, laundry, assembly, printing or manipulation of materials. For the sake of an example, the Spanish National Organization for the Blind (ONCE) created the FUNDOSA GROUP which has the job of achieving the integration of these individuals into the employment market through companies operating in a great variety of sectors (retail trade, new information technologies, human resource consultancy, industrial outsourcing). In 2002, the FUNDOSA GROUP had 115 companies, of which 69 were Special Employment Centres with 11,500 people, 7,878 of whom were disabled. The FEAPS Association for the Employment of the Mentally Retarded (AFEM) is a business association grouping 97 Special Employment Centres employing 4,200 people with mental disabilities.

- It favours the **retention of the population in geographical areas where the traditional economy is missing.**

The role of the Social Economy in rural development

Agricultural co-operatives play a key role in both Spain and the Associated Mediterranean Countries when it comes to providing smallholders with the means to continue carrying out their activities in rural areas. European agricultural co-operatives have accumulated great know-how in the management of water resources, improvements in production systems (irrigation techniques, fighting desertification, incorporation of quality standards, health monitoring) so as ensure the adaptation of small farmers to the new requirements of the market and to increase the manufacturing capacity of companies to ensure the creation of resources, wealth and opportunities in the areas they live in, thus removing the need to emigrate to other more prosperous regions. Small rural communities can be supported by training programmes developed by the co-operatives themselves, with the Social Economy too acting as a means to regularize informal work or as a means to generate equity, as in the origin of Agricultural Credit organizations (for example, the CAISSE NATIONALE DU CRÉDIT AGRICOLE in Morocco)

- It impulses the **social integration of immigrants**

The Social Economy and immigration

The **ASSOCIATION DES AMIS ET FAMILLES DES VICTIMES DE L'IMMIGRATION CLANDESTINE** in Morocco promotes the creation of small businesses run by young North Africans in danger of opting for illegal emigration. Furthermore, within the European region, the Social Economy also has an important role. In the region of Brescia (Italy), 76 co-operatives have been set up by non-EU residents between 1990 and the first half of 2000 (source: Immigranti e Cooperazione a Brescia. Confcooperative Brescia. October, 2000), with the Social Economy being seen as an appropriate means for organizing the autonomous work of the immigrant population in the host societies.

4. The Social Economy responds to **new social needs**

- Giving coverage to **shortcomings in social protection** that the traditional market is incapable of covering in the case of such groups as the disabled, immigrants, young people, self-employed workers or the long-term unemployed.

The **FÉDÉRATION DE TUNIS DE SOLIDARITÉ SOCIALE (FTSS)** is a not-for-profit association working in the field of micro-credits to fight the exclusion and marginalization of vulnerable groups (women and young people) by providing access to credit and by carrying out insertion and promotion actions.

The **PM40 FOUNDATION** in Seville (**Spain**) has as its goal to represent and advise the unemployed, as well as to negotiate, propose and develop measures for active job-seeking.

In **Italy**, the training co-operatives consortium **IL PUNTO-FORCOOPE** in Treviso and the **CESARE FOUNDATION** created in 1998 a centre devoted specifically to the purposes of a research centre for training, advising and informing women with a view to facilitating their search for employment.

- Complementary coverage of **services not provided by traditional protection** (such as, for instance, proximity services, mutual welfare funds, social initiative activities, vocational training, or employment insertion, etc.) or with a view to raising the cultural level and the use of leisure time in rural and suburban areas.

In **Italy**, the **social co-operatives** manage day-care or round-the-clock centres (for the social and educational needs of the disabled, old folks' homes, communities or installations for mentally-ill patients, drying-out centres for substance abusers, youth clubs) and social services for the elderly or for disabled individuals (transport, meals services, home care).

In **France** the **mutualities** provide health-care services covering a total of 36 million people and manage more than 2,000 centres (optical and dental centres, services for the elderly, service centres and holiday homes, primary health care centres, mental health centres, centres for the disabled, pharmacies, children's services).

In **Greece**, the "**Kapis**" are associations that provide services, driven by the local administrations, for the elderly (from medical attention, physiotherapy, ergotherapy, excursions, talks). They are also used to involve this social group in the life of the municipality (prevention of fires, blood donation).

In **Portugal** Private Social Solidarity Institutions (IPSS) are associations assuring 81% of public social services. In 1995, 44.000 were working in 3.000 IPSS , which engage 27000 voluntaries.

- The Social Economy handles **economic actions in globalization** from the perspective of a wager in favour of solidarity linked with economic growth, social cohesion and encouraging in companies the application of the principle of their social responsibility to achieve greater attention to the setting and moral relations.

Important banking institutions have their roots in co-operative banking. This is the case of the "BANQUE POPULAIRE DU MAROC" in Morocco, which includes among its business goals the fostering of the development of the Social Economy in its country. Furthermore, in that same country, there are institutions such as "Association Marocaine de Solidarité et de Développement" to promote the creation of rural banks through micro-credits.

With regard to **training and education**, the associative sector of the Associated Mediterranean Countries plays an important role in the eradication of illiteracy. In Europe, it is worth highlighting the experience of the teaching co-operatives⁵³ and the Co-operative Universities, an experience that can be transmitted to improve the educational systems of the Associated Mediterranean Countries as well as to improve the professional qualifications of the Social Economy workers in these countries and reduce the levels of unemployment.

In Spain, there are two outstanding examples of Co-operative Universities:

- The Florida University College (Valencia) which currently has over 130 lecturers and an average of 3,700 students a year. (web: www.florida-uni.es)
- The University of Mondragón (Basque Country), which is part of the Mondragón Co-operative Corporation, has almost 4,000 students. Special mention must be made of the ALECOP project which is intended to integrate the students from the realm of academia (Humanities, Business Science and Engineering) into the world of business and employment, at the same time as it gives them an economic opportunity to continue their academic training. (web: <http://www.mondragon.edu/pub/cast/index.htm>)

The Social Economy has a special incidence on the struggle against poverty and in the creation of wealth through the establishment of projects developing the endogenous ability of the territories in the European Union and in the Associated Mediterranean Countries. The Social Economy is a component of the organized civil society which must be taken into account in all of the economic and social spheres of the Euro-Mediterranean process. In this way, the establishment of networks of Euro-Mediterranean Social Economy organizations or companies will reinforce the dialogue between both shores and role of the civil society in the Associated Mediterranean Countries by economic actions.

⁵³ Spanish Union of Teaching Co-operatives (Unión de Cooperativas de Enseñanza de España or U.E.CO.E)

The Social Economy: an agent of organized Civil Society in the Mediterranean area.

The **Euro-Mediterranean Summit of the Economic and Social Councils and Similar Institutions** held in March 2002 highlighted the need to involve organized civil society in the dialogue with the Euro-Mediterranean partners for the design of indicative programmes in countries in this region. In its conclusions, the Summit stressed the importance of supporting companies, and expressly the Social Economy, as a “force for growth, job creation, promotion of economic and social reforms and the gradual liberalization of markets”.⁵⁴

The European Union’s **Committee of Regions** has also acknowledged the importance of fostering the creation of associations, as a means for encouraging the development of “a strong social economy a strong civil society” in those countries participating in the Barcelona process⁵⁵.

The **Declaration by the Euro-Mediterranean Conference of Foreign Affairs Ministers** held in **Valencia** (Spain)⁵⁶ on April 22nd and 23rd, **2002**, express the need to count on the participation and commitment of the Governments, as well as the support of society and of all the pertinent agents in the social, cultural and human dimension of the “Barcelona Process”. The participation of civil society has been extended to other two baskets (political and security dialogue; economic and financial cooperation), as recognised in the conclusions for the VIIth **Euro-mediterranean Conference of Ministers of Foreign Affairs hold in Luxembourg** (30th y 31th May **2005**)⁵⁷.

The **European Commission** launched an initiative to promote the participation of Non-State Agents in development policy⁵⁸. This initiative is intended to promote the participation of these agents, such as the Social Economy, in the decision-making process at the national level, in accordance with democratic principles, as well

⁵⁴ Web: http://www.esc.eu.int/pages/fr/acs/events/euromed_060302/di%20ces25-2002%20fin%20fr.pdf

⁵⁵ Report by the Committee of Regions on the subject “Associations between the local and regional authorities and socio-economic organizations: contribution to employment, local development and social cohesion”. EUOJ. Series C n° 192 dated 12/8/02.

⁵⁶ http://europa.eu.int/comm/external_relations/euromed/conf/val/concl.pdf

⁵⁷ <http://www.eu2005.lu/fr/actualites/conseil/2005/05/31euromed/euromed.pdf>

⁵⁸ Document COM (2002) 598 final on the participation of the non-state actors in EC development policy, dated 7/11/2002.

as in the preparation of the National Development Strategy by Governments and the National Strategy Documents of the European Community, in order to contribute to the assumption of the development strategies by all beneficiaries, the gradual consolidation of responsible and solid democratic institutions, the full exercise of citizenship and to facilitate the creation of partnerships between the public and private sectors, obtaining in exchange greater feasibility of the development strategies.

The Commission also pointed out that the potential of the non-state agents must be consolidated, providing them with the necessary financial resources and supporting them for the development of their potential in the most sensitive areas": the reduction of poverty, sustainable development and good governance are all objectives clearly contributed to by the Social Economy. Furthermore, the Commission's document insists that these agents, in order to access Community finance, must be well-defined, organized structures respecting democratic principles, transparent and responsible, upholding independence vis-à-vis the State and the Administration; these are the intrinsic characteristics of the Social Economy companies and institutions, as well as of the organizations representing them.

In the last few years, initiatives have been taken in the Social Economy organizations with a vocation for working in the Euro-Mediterranean region and to build bridges between its shores, such as the case of the **Euro-Mediterranean Social Economy Network (ESMED)** in its Spanish acronym)⁵⁹ on the northern shore and the **Mediterranean Social Economy Institute (IMES)** in Tunisia on the southern shore. These initiatives are provoking the creation of co-ordination platforms for the various Social Economy formulas for a better joint action and representation with the authorities and the establishment of dialogues and co-operation between the Social Economy organizations that do not yet exist in the region.

The 35 Ministres of Foreign affairs recognised in the Euro-mediterranean conference of Luxembourg of May 2005, the role that Social Economy plays in favour of economic growth and, especially, in job creation.

⁵⁹ For further information on the members and their activities, please refer to the schedule with the presentation of the Euro-Mediterranean Social Economy Network (ESMED).

Therefore it is essential that:

1. The organizations representing the Social Economy companies and institutions in both the European Union and in the Associated Mediterranean Countries must be taken into account by the public authorities (at the national and community levels) for the definition of development strategies in each country and at the level of Euro-Mediterranean region, especially in those countries where there is a strong presence of Social Economy organizations.
2. The Social Economy must be included among the employment priorities for the forthcoming national and regional Indicative programmes, so that the potential of the organizations representing the Social Economy can be especially reinforced in the Associated Mediterranean Countries, increasing their capacity for action as a social agent actively collaborating with both the authorities of the Associated Mediterranean Countries and the European Commission and the representatives of the Member States.
3. Measures must be established to allow the reinforcement and professionalization of organizations to ensure the transfer of know-how and support by the European Social Economy organizations towards their counterparts in the Associated Mediterranean Countries as well as the constant dialogue between the north and south shores, as in the case of the Euro-Mediterranean Social Economy Network.

In this sense, the Euro-Mediterranean Social Economy Network undertakes to work in favour of the development of projects allowing a reduction in the differences between the north and the south of the Mediterranean, collaborating with the Delegations of the European Commission and the public authorities of countries in the European Union and the Mediterranean, as well as with the Community Institutions involved, providing their collaboration to ensure stability in the region, contributing to the active participation of the citizenry in the processes for the economic and social reform of their respective countries and encouraging dialogue between cultures and civilizations and creating opportunities in economic life for the most excluded sectors of society (women, youth, immigrants, disabled people).

Charter of Principles of Social Economy

European Standing Conference- Co-operatives, Mutual
Societies, Associations and Foundations (CEP-CMAF)

CEP-CMAF

Conférence Européenne Permanente
des Coopératives, Mutualités
Associations et Fondations

European Standing Conference
of Co-operatives, Mutual Societies
Associations and Foundations

THE SOCIAL ECONOMY

A different type of entrepreneurship

The organisations of the social economy⁶⁰ are economic and social actors active in all sectors. They are characterised principally by their aims and by their distinctive form of entrepreneurship.

The social economy includes organisations such as cooperatives, mutual societies, associations and foundations. These enterprises are particularly active in certain fields such as social protection, social services, health, banking, insurance, agricultural production, consumer affairs, associative work, craft trades, housing, supply, neighbourhood services, education and training, and the area of culture, sport and leisure activities.

New initiatives are being developed to meet today's new challenges (sustainable development, increasing lack of involvement on the part of public services, social integration, solidarity between generations).

Some of these initiatives have already received legal recognition, such as enterprises with social goals (Belgium), social cooperatives (Italy), cooperative enterprises serving the general interest (France), etc.

All of these initiatives fall under the heading of the development of European policies (on social topics, employment, enterprises and entrepreneurship, education, research, local and regional development, CSR, enterprise governance, etc.) to whom they contribute actively.

The social economy accounts for 8% of all European companies, and 10% of total employment.

The success of enterprises in the social economy cannot be measured solely in terms of economic performance, which is nonetheless necessary to the achievement of their goals as mutual societies and in terms of solidarity, but must above all be gauged by their contributions in terms of solidarity, social cohesion and territorial ties.

⁶⁰ The concept of social economy includes the various denominations used in the different countries like “solidarity-based economy (‘économie solidaire’), the third sector, CMAF (co-operatives, mutual societies, associations and foundations), etc.

Distinctive specific features

The legal form an entity in the social economy may take varies from one member state to the next. However, these enterprises are distinguished from capital-based companies by specific features linked to shared characteristics, in particular:

- **The primacy of the individual and the social objective over capital**
- **Voluntary and open membership**
- **Democratic control by the membership⁶¹**
- **The combination of the interests of members/users and/or the general interest**
- **The defence and application of the principle of solidarity and responsibility**
- **Autonomous management and independence from public authorities**
- **The essential surpluses is used to carry out sustainable development objectives, services of interest to members or of general interest.**

An undeniable reality

The social economy:

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

* * * * *

The social economy has a broad social foundation and conducts its activities in varied legal forms while demonstrating its competitiveness and its capacity to grow and adapt to new social and economic challenges.

It is therefore a fundamental component of organised civil society. It takes positions and submits opinions to public authorities concerning the development, implementation and evaluation of policies that affect citizens' lives.

The social economy makes a significant contribution to the development of a plural society that provides for greater participation, more democracy and more solidarity.

Brussels, 10 April 2002

Original version in French

⁶¹ Does not concern foundations as they have no members.

PRESENTATION

of the

EURO-MEDITERRANEAN NETWORK OF SOCIAL ECONOMY

(ESMED)

THE EURO-MEDITERRANEAN NETWORK OF SOCIAL ECONOMY



The main objective of the Euro-Mediterranean **Network of Social Economy** is the **co-ordination** of sector organisations from **France, Greece, Italy, Morocco, Portugal** and **Spain**. The Network was established in October 2000.

The members of the **Euro-Mediterranean Network of Social Economy** have defined the following criteria that rule their co-ordinated actions:

- ❑ The Euro-Mediterranean Network of Social Economy must not be a competitor or duplicate of any representative organisation of the Social Economy or its families existing at the moment in Europe;
- ❑ The efforts of the Network are directed to consolidate the concept of Social Economy in Europe in the philosophy of creating unitary platforms representing all ways of doing business other than the traditional way, in the context of defence of social cohesion and solidarity, always respecting the personality of the various families;
- ❑ The Mediterranean Basin should be a natural geographical area of action for the network, aiding in the development of similar Social Economy structures in the Southern countries of the Mediterranean sea, and carrying bridges of integration in the concept of social representation organs as well as paving the way for setting up free trade in the zone (year 2010).

Members of the Euro-Mediterranean Network of Social Economy

At the moment, the members of the **Euro-Mediterranean Network of Social Economy** are the following:

- Conseil des Entreprises, Employeurs et Groupements de l'Economie Sociale. **CEGES. (France)**
- Panhellenic Forum of Social Economy. **PANCO (Greece)**
- Confederazione Cooperative Italiane. **CONFCOOPERATIVE (Italy)**
- Lega Nazionale delle Cooperative e Mutue. **LEGACOOP (Italy)**
- Office du Développement de la Coopération. **ODCo (Morocco)**
- Federação Nacional das Cooperativas de Consumidores. **FENACOOP (Portugal)**
- Instituto António Sérgio do Sector Cooperativo. **INSCOOP (Portugal)**
- Confederación Empresarial Española de la Economía Social. **CEPES (Spain)**

The International Center of Research and Information on the Public, Social and Co-operative Economy-Spain, **CIRIEC-SPAIN**, is participating as an **Associated Member** of the Network.

General Objectives of the Euro-Mediterranean Network of Social Economy

- ❑ To co-operate in the pursuit of a Social Economy as a full social partner in European social and civil dialogues, inside the national authorities in the Mediterranean area and the Community Institutions.
- ❑ To co-ordinate activities by Network members in the European social forums in which they participate or are members and which are involved in the decision-making process affecting the Social Economy.
- ❑ To design joint strategies to contact and approach the main Community institutions (Council, Parliament, Commission, Economic and Social Committee, Committee of Regions, etc.) in order to publicise and defend the interests of the southern European Social Economy.
- ❑ To facilitate dissemination and exchange of experiences and information among members of the Network, particularly with regard to changes in legislation occurring in each country.
- ❑ To co-ordinate and promote projects, studies, seminars and events to further knowledge of the Social Economy among national and Community governments and the society in general.
- ❑ To conceive joint strategies to defend and extend unified concepts of the Social Economy in European Union Member States, contributing the work, which has been carried out by southern European Social Economy organisations.
- ❑ To promote co-operation and internationalisation of Social Economy enterprises by promoting and supporting the establishment of transnational co-operation agreements among enterprises in the sector from the countries taking part, in order to improve their competitiveness and strategic position in the global economy.
- ❑ To contribute to dialogue between the southern European Social Economy organisations and their counterparts in the southern countries of the Mediterranean basin, promoting the establishment of contacts, exchange of experiences and channelling of resources for development of the sector in those countries.
- ❑ To design and implement transnational co-operation projects aimed at facilitating development of Social Economy enterprises in the countries of the Mediterranean Basin European, taking into account the creation of a Free-Trade Area in the region.

The Network has a **Permanent Secretariat** in charge of the co-ordination of its activities and projects, which is assured by the **Spanish Business Confederation of Social Economy (CEPES)**.

For more information about the **Euro-Mediterranean Network of Social Economy**, please, contact:

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