

A closer look at the European Recovery Plan

Ensuring social economy enterprises play a central role in Europe's recovery



On July 21 2020, EU leaders (Heads of State and Government) reached an [agreement on the European Recovery Plan](#) -the Next Generation EU- with a budget of **750 billion euros**, of which **360 billion are expected to be distributed as loans** and **390 billion as grants**. The objective of the Next Generation EU is to confront the effects of the COVID-19 crisis and support citizens, enterprises, and public administrations to overcome this *historic challenge*. As stated in the European Council Conclusions: *the plan for European recovery will need massive public and private investment at European level to **set the Union firmly on the path to a sustainable and resilient recovery, creating jobs and repairing the immediate damage caused by the COVID-19 pandemic whilst supporting the Union's green and digital priorities.***

The main instrument of this Recovery Plan will be the **Recovery and Resilience Facility (RRF)** that will have a budget of 672.2 billion euros. To ensure a quick response to the current pressing challenges, the European Council agreed on committing **70% of the grants provided by the RRF in the years 2021 and 2022**. The **remaining 30% shall be committed in 2023**. The European Council also reached an agreement on its position regarding the European Union long-term budget: the [Multiannual Financial Framework 2021-2027](#) (MFF), that can be the subject of a separate analysis.

What are the next steps to make Europe's Recovery Plan into a reality?

Further to the deal reached by EU leaders, the Commission, the European Parliament, and the Council **are negotiating to urgently finalise the legal acts of the Recovery Plan**. Moreover, a decision on the system of own resources of the European Union should be adopted and approved by Member States as soon as possible to ensure the financing of the Next Generation EU (NGEU). For instance, to finance the recovery effort for the first time in history, the European Commission will be authorised to borrow funds on behalf of the EU or the capital markets.

Once the Recovery Plan will become a reality, its management will be highly decentralised. Following the EU guidelines, and after having submitted to the Commission their **National Recovery and Resilience Plans 2021-2023**, Member States will benefit from certain flexibility to identify and invest in their most pressing needs and strategic projects. The **National Recovery and Resilience Plans** will be assessed by the European Commission and shall be approved by the Council.

Learning from past experience: a call for a fair and sustainable recovery with the social economy

Social Economy Europe calls on EU Institutions to include social economy projects as an investment priority in the "Next Generation EU" regulations. The European social economy which currently represents 2.8 million enterprises and organisations, 10% of all EU companies, employs 13.6 million people and accounts for 8% of the EU's GDP is a key partner to achieve a diversity of strategic objectives:

- **Reindustrialise Europe's territories** leveraging on their human capital through **collective entrepreneurship**.
- **Save jobs and enterprises** through business transfers of enterprises at risk of closing to their employees.
- **Create opportunities for all**, focusing on the work and social integration of people at risk of social exclusion, through competitive business models.
- **Accelerate Europe's Green Transition**, through energy communities and renewable energy cooperatives, a key driver in the transition from fossil fuels to renewable energies and from a centralised energy market to a decentralised market, in which citizens produce and consume their own energy (prosumers). Decentralised energy systems create more jobs than centralised systems and provide a wide range of benefits for the local communities of Europe.

Furthermore, social economy has been recognised by the Commission as a pioneer in job creation linked to the **circular economy** and is a frontrunner in sustainable agriculture.

- **Cohesion Europe's territories**, offering economic opportunities in Europe's depopulated areas.
- **Accelerate a fair digital transition**, supporting the creation of **European digital platforms** ensuring decent working conditions and at the service of the communities in which they operate.
- **Strengthen our Welfare Systems** in cooperation with public authorities.

These are just some examples of what the social economy can do to build back better our economies and societies in response to the current crisis, as highlighted in the findings and recommendations of the recently published OECD report/study on [Social economy and the COVID-19 crisis: current and future roles](#).

Experience shows that regulatory recognition is a pre-condition for the access of social economy enterprises and organisations to EU funds and financial instruments, but it is not sufficient: there are additional obstacles. Despite being mentioned in the **Juncker Plan Regulation** (European Fund of Strategic Investments), the social economy represents a mere **2% of all the signed EFSI loans directly provided to a project**. With the exception of some success stories such as the loans to [ILUNION](#), not-for-profit hospitals in the Netherlands and France and a dairy cooperative in Poland [MLEKPOL](#), the social economy is clearly under-represented in its access to the European Fund for Strategic Investments.

Therefore, beyond the need to mainstream the social economy into the EU regulation on Next Generation EU and into the National Recovery and Resilience Plans, Social Economy Europe calls on EU Institutions and Member States to:

- ❖ Involve social economy representative organisations in the elaboration of the National Recovery and Resilience Plans and within its governance, mobilising their experience and their capacity to contribute to the fair and sustainable recovery of Europe.
- ❖ Create instruments to ensure that social economy enterprises and organisations can access the European Recovery Plan funds on equal footing with other forms of enterprises. One possible solution to these obstacles could be co-financing the creation of **Social Economy Support Funds** at Member State level managed by **social economy intermediaries**.

Social Economy Europe is at the service of its members and the wider social economy community to make sure that social economy strategic projects will have the chance to be financed and funded through the Next Generation EU programme, unlocking social economy's full potential to build back better.

About the Social Economy:

The social economy is a major player of our European **social market economy**. There are **2.8 million social economy enterprises and organisations**, ranging from SMEs to large EU groups, that operate in all sectors, employing **13.6 million citizens** and accounting for **8% of the Union's GDP**.

The European social economy is made of a diversity of enterprises and organisations strongly rooted in the EU Single Market, such as **cooperatives, mutuals, associations, foundations** and **social enterprises**, among others. These forms of enterprises and organisations are united by values and features as the primacy of people and the social objective over capital, democratic governance, solidarity and the reinvestment of most profits to pursue sustainable development objectives.

About Social Economy Europe:

Social Economy Europe (SEE) is the voice of the 2.8 million social economy enterprises and organisations in the European Union. Created in November 2000 under the name of CEP-CMAF - the European Standing Conference of Cooperatives, Mutuals, Associations and foundations - with the purpose of establishing a permanent dialogue between the social economy and the European Institutions, in 2008, CEP-CMAF changed its name and officially became Social Economy Europe.

SEE members are AMICE, AIM, CASES, CECOP-CICOPA Europe, CEPES, CEDAG, ConcertES, the EFC, the EMN, ENSIE, Eurodiaconia, ESS-France, FEBEA, Forum Nazionale Terzo Settore, IPSE and REVES.

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