



EUROPEAN COMMISSION

Nicolas Schmit

Commissioner for Jobs and Social Rights

Brussels, 24 April 2020
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Dear Minister Kiik,

The COVID-19 pandemic has brought about a deep crisis. The extent of its consequences affect not only health, but also the economy and society more widely. We have to properly tackle this crisis to avoid the risk of further divergence, that undermines social cohesion and, in the long run, presents a danger to our democracies and the European project.

Therefore, this crisis requires a strong response aiming at bringing about robust economic and social progress. More than ever, we have to pursue the goal of fighting inequalities and building an inclusive and resilient economic and social model based on the values of cooperation, solidarity and responsibility: an economy that works for people.

These are the very values at the heart of the social economy. Social economy organisations and social enterprises are in practice already contributing to cushion the impact of this crisis in numerous ways: in cooperation with and by complementing the actions of public authorities, they provide a wide range of social services, especially for the most vulnerable in society. They are also key employers of vulnerable groups, playing a crucial role in labour market integration and providing skills. Moreover, they ensure financial and business support to the social economy and other parts of the economy through cooperative and ethical banks, credit unions and micro-credit institutions. They are also an important industrial player present in a variety of sectors such as energy, water, cleaning and recycling. They also provide platforms through which citizens can channel their own contributions, thereby building real opportunities for social innovation and civic participation and nurturing the feeling of belonging together, so crucial during times of crisis. In short, the social economy has to be considered a fully-fledged component of the response to the crisis and of the recovery strategy.

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Mr Tanel KIIK
Minister of Social Affairs

Therefore, social economy operators must have access to economic relief measures established by the European Union and by the Member States to respond to the Coronavirus pandemic in the same way as other companies. It is of utmost importance that no social economy organisations, such as cooperatives, associations, foundations, mutuals and social enterprises, or any other social economy business models specific to each Member State, are excluded from support programmes dedicated to enterprises and specifically to SMEs.

More precisely, a number of measures led by the European Commission¹ may be directed to the social economy:

- State aids, through the use of the full flexibility in the existing rules;
- Through the two Coronavirus Response Investment Initiatives, full flexibility is provided to Member States in how they use their structural funds, notably for measures on healthcare, support for SMEs, and short term work schemes;
- The extension of the scope of the EU Solidarity Fund to health crises;
- Through the European Investment Fund, the incentives to banks to provide liquidity to SMEs;
- The proposal for a European instrument for temporary support to mitigate unemployment risks in an emergency (“SURE”).

Many of these measures are facilitated by the activation of the Stability and Growth Pact’s general escape clause.

All these instruments can benefit social economy organisations and social enterprises, provided that each Member State designs them appropriately. Moreover, in order to facilitate and accelerate the contribution of the social economy to the emergency, the sharing of their best practices and the identification of their needs are major levers. Social economy stakeholders are already collecting and sharing the initiatives they work on through webinars or the Social Economy Community Platform. Representatives of Member States will also be invited to share information on the measures taken to support social economy at national level at the next meeting of the Commission’s Expert Group on social economy and social enterprises on 29 April.

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¹ https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response_en

To protect, support and boost the role of the social economy throughout the crisis will also be relevant with a view to preparing the recovery and defining the Commission Action Plan on Social Economy planned for 2021. The Action Plan will pay special attention to the needs and the potential of the social economy in the post Coronavirus context with a view to creating an enabling environment for it to thrive. Supporting the development of national, regional and local social economy ecosystems will be a major step in order to boost job creation and innovation, to foster social inclusion and participation.

In conclusion, I urge you to ensure that social economy organisations are equipped and supported to fully play their crucial role to manage and overcome the current crisis. Social economy has unique qualities to address together the sanitary and social dimensions of the crisis and to help us emerge from this crisis with a strengthened inclusive, sustainable and resilient economic and social model.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'N. Schmit', is enclosed in a light blue rectangular box. The signature is stylized and cursive.

Nicolas Schmit