

# **EUROPEAN COMMISSION**

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**Commissioner for Jobs and Social Rights**

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Dear Ministers

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, present 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.

Therefore, social economy operators must have access to economic relief measures established by the European Union and by 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 Commission 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 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 levels. 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.

To protect, support and boost the role of 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 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 the crisis with a strengthened inclusive, sustainable and resilient economic and social model.

Yours sincerely,

Nicolas Schmit