Tweet 0 Share 0 Pin it 0 0

Subject: Newsletter - EACB Monthly Interviews - n°41 - July 2021

View this email online if it doesn't display correctly

EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS

The Co-operative Difference : Sustainability, Proximity, Governance

EACB's Newsletter

Message from the CEO, Nina Schindler

"The social economy in Europe consists of a range of diverse organisational forms, which share common values and goals combining sustainable economic activities with positive social impact. Co-operatives and co-operative banks with their focus on members are an important part of Europe's social economy. They play a crucial role in creating and maintaining employment, strengthening territorial cohesion and enable an inclusive and sustainable local growth. For many EACB members, the social or community element in banking is a central aspect of their self-understanding. The new Commission Action Plan for the Social Economy, which is to come up later this year, will suggest a wide variety of measures in support of social economy enterprises. One of them will be to foster the visibility of co-operatives as well as an understanding of their specific features and positive impact on society and the environment among the general public, policy makers and also regulators. The EACB secretariat will closely follow the proposals of the action plan with the aim to contribute to them and to ensure the promotion of the co-operative banking business model and its services to communities."

3 Questions to Anna Athanasopoulou, European Commission, DG GROW, Head of Unit - Proximity, Social Economy and Creative Industries

Anna Athanasopoulou is Head of Unit, 'Proximity, Social Economy and Creative Industries', at the European Commission. EU official since 2002, she has held different positions at services and Cabinet-level, relating to tourism and textiles, culture and creative industries, and external relations. Before joining the EU civil service, Anna worked as Adviser to two Ministers of Culture in Greece and as Director of Programme Planning for the Athens 2004 Cultural Olympiad. In parallel, she lectured on History of Art and Cultural Management. Anna studied Archaeology and specialised in History of Art where she holds an M.A. and a Ph.D.

0 0 w t il ne ? 0 loesn't display correctly
Pin it 0

You are intensively working on an Action Plan for the Social Economy, which will be published later this year. What will be the priorities?

The European Action Plan on Social Economy will build further on the work carried out by the Commission following the Social Business initiative in 2011. The Commission published last year an evaluation of the Social Business initiative to assess progress made since 2011. This evaluation made clear that areas such as policy recognition; access to different types of resources, including tailored funding, investment and business support; access to markets; ability to scale up social innovation; skills development ; and intelligence and evidence for policy (i.e. data, statistics), remain priorities to consider in future social economy policies. However, it is important that we adapt to the current socio-economic context marked by the COVID-19 pandemic. In this regard, under the recent update of the EU Industrial Strategy, the European Commission has expressed a clear ambition to support small and big businesses in the accelerated twin green and digital transitions and to build resilience within different industrial ecosystems, including social economy. This means that the digital and green transitions of social economy will be prominent in the future EU social economy policy. In that regard, the European Action Plan on Social Economy and the Industrial strategy outline key policy tools to support the social economy. Both promote a co-creative approach and active engagement with stakeholders. An illustrative example is the European Social Economy Summit that took place on 26 and 27 May 2021. Its outcome – the Mannheim Declaration on Social Economy - is a key milestone for policy makers and social economy actors to understand obstacles and reflect on enablers to boost social economy in Europe.

The European Commission recently presented an update of its Industrial Strategy. Is social economy visible in this strategy?

On 10 March 2020, the Commission laid the foundations for an EU Industrial Strategy to support the twin transitions to a green and digital economy, make EU industry more competitive globally, and enhance Europe's open strategic autonomy. The day after the new industrial strategy was presented, the World Health Organization declared the COVID-19 a pandemic. To make sure that the EU industrial ambition takes full account of the new circumstances, the Commission presented on 5 May 2021 the updated Industrial strategy.

Within this updated Strategy, the Commission further developed the 'industrial ecosystems approach', set out in the 2020 Industrial Strategy, as a lens to look at Europe's economy and recovery post-Covid. The first annual Single Market Report presented a detailed overview across 14 industrial ecosystems. Social economy finds its place in the "Proximity, Social Economy and Civil Security" industrial ecosystem. In this report, the Commission identified needs for sustainable recovery, green and digital transitions and put forward transformative initiatives in areas such as social infrastructure and social innovation, skills and enabling policy framework.

0 0 w t il ne ? 0 loesn't display correctly
Pin it 0

It speaks for itself that co-operatives are an important group of stakeholders within this ecosystem; moreover, co-operatives have a strong presence in other industrial ecosystems such as agriculture, retail and renewable energy.

As part of the implementation of the Strategy the Commission services are preparing transition pathways to identify the scale of actions and the challenges, including for instance investment or technology needs, to accompany the industry's transitions towards 2030 and beyond. We will co-create in partnership with the stakeholders the vision and work ahead and I am confident that the co-operative banking sector will be an active actor in this interplay. Moreover, concerning the green transition of this ecosystem, the Commission announced the Affordable Housing Initiative. This initiative will bring together industrial partners from social economy, construction and other ecosystems, financial intermediaries and public authorities in order to pilot '100 Affordable Housing Districts by 2030' and mobilise investments in social and affordable housing districts in EU Member States.

As regards the co-operative business form, what kind of actions has the European Commission carried out during the last years? What can co-operatives expect from the Action Plan (the years ahead)?

Co-operatives' development is present on the agenda of the European Commission. To date, it is the only social economy business model with a statute defined at European level. Our engagement is ongoing. In 2013, we set up a Working Group on Co-operatives to assess the specific needs of co-operative enterprises regarding a wide variety of issues such as the appropriate EU regulatory framework, the identification of barriers at national level and the internationalisation of co-operatives. Upon the recommendations of the Working Group issued in 2015, we implemented two projects at EU level: 'Business transfers to employees creating a co-operative' and 'Reduction of youth unemployment and the setup of co-operatives'. The latter is underway. We engage regularly on aspects relevant to co-operatives through the Commission expert group on Social Economy and Social enterprises, in which two representatives of the coops movement also participate: Cooperative Europe and CECOP.

Co-operatives are enablers for the twin green and digital transitions we wish to see in our economies and societies. We see many positive and innovative examples such as digital platform cooperatives or energy community co-operatives. We have to ensure a regulatory and business environment enabling their scale-up and further development. Finally, we see a lot of potential in the 'finance segment', also in view of the EU sustainable finance strategy. We therefore hope that Europe will be the home of a strong and healthy social finance sector that invests in social economy business and is driven by social, ethical and co-operative banks.

.

Second Opinion from Sergio Gatti, General Manager of Federcasse

0 0 w t il ne 0 loesn't display correctly
Pin it 0

Sergio Gatti is - since November 2009 - General Manager of Federcasse (the Italian Federation of BCC and Rural Banks). A graduate in Political Science from the University of Rome "La Sapienza" with a specialisation in International Relations, he holds a master's degree in Communication from the University of Florence. He has been working with Credito Cooperativo since 1986 and has held the position of Manager in charge of the Communications Area of Federcasse (from 1999 to 2008) before being appointed Deputy General Manager of Federcasse in 2008. He is President of the publishing house ECRA and Vice President of Fondosviluppo (Fund for the Development of Cooperation).
He has written and edited several publications on co-operative banking and mutuality.

In a broad sense, as co-operative, mutualistic and local banks, we feel part of the social economy organisations since we have much in common: we share the same objectives, serving members and strengthening local communities; we do it reinvesting in our banks more than 80 per cent of profits to improve stability and long-term resilience; we operate with a co-operative and participatory governance which is the main strength of our business model.

Because of this specific approach, BCCs have achieved a very relevant role in the Italian economy, providing access to financial services to SMEs, households and social enterprises (more than 15 per cent of loans provided to social enterprises are issued by BCCs). As recent academic studies have shown, BCCs positively affect local economies by reducing income inequality, promoting employment and economic growth and improving financial inclusion. In this way they foster better social integration, especially in the more decentralised areas (in 658 small municipalities BCCs are the only operating financial institution).

This became even more evident since the pandemic emergency has started. In fact, the Covid-19 pandemic has stressed the role of retail, regional, co-operative banks in providing finance to the real economy, to reduce inequalities and to serve both physically and virtually, citizens in both urban and rural areas of the EU. For example, in this period BCCs have issued more than 15 per cent of the new small loans (up to 30k €) guaranteed by the government to micro and small enterprises and they have approved more than 342.000 moratoria applications (41 billion € in total).

We believe that the contribution of the social economy will be essential to help the European economy to achieve a development that is attentive to the dimensions of both climate and social sustainability; to this aim, a regulatory framework that values both organisational and governance diversity as well as "inclusive localism” is needed.

Therefore, we welcome the plans of the European Commission for an Action Plan on Social Economy and we support at the same time the idea that the understanding of the positive impact of co-operatives on society and environment should be enhanced.

The current discussions on sustainability, e.g. related to a “social taxonomy”, should be used to definitely determine that the co-operative legal form, i.e. the co-operative

0 0 Pin it 0 0 loesn't display correctly

governance elements, are by themselves contributing to a sustainable and people-oriented economy and thereby contribute to the Sustainable Development Goals (SDGs).

Despite the role played to support social and local economies, co-operative banks and their model are not fully integrated yet in the economic literature. This is shown clearly by the small amount of studies at European and international level dedicated to further investigate the nature of the co-operative model. For co-operative banks, one of the priorities of the Action Plan should be to enhance the visibility of co-operatives as well as understanding of their specific features and positive impact on society and the environment among the general public, policy makers and also regulators.

An important element would be to strongly promote that the co-operative form of enterprise could be integrated into the relevant curricula for economic education in schools and universities.

EACB latest publications:

- Joint call for dialogue: Assessment of SMEs' Post-COVID Financial Health
- Joint industry reaction to European Commission's CSDR review report in context of mandatory buy-in rules
- EACB Statement on the Renewed Sustainable Finance Strategy
- PRESS RELEASE - Survey reveals the high value of membership for customers in co-operative banks
- EACB provides feedback to Commission proposal on the Artificial Intelligence Act
- EACB answer to the EC consultation on the Corporate Sustainability Reporting Directive proposal
- EACB comments on EBA draft Revised Guidelines on recovery plan indicators under Article 9 of Directive 2014/59/EU (EBA/DP/2021/13)

European Association of Co-operative Banks EACB - AISBL
The voice of 2.700 local and retail banks | 85 million members | 214 million customers
Rue de l'Industrie 26-38 1040 - Brussels BELGIUM
+32 (0)2 230 11 24 +32 (0)2 230 06 49 secretariat@eacb.coop