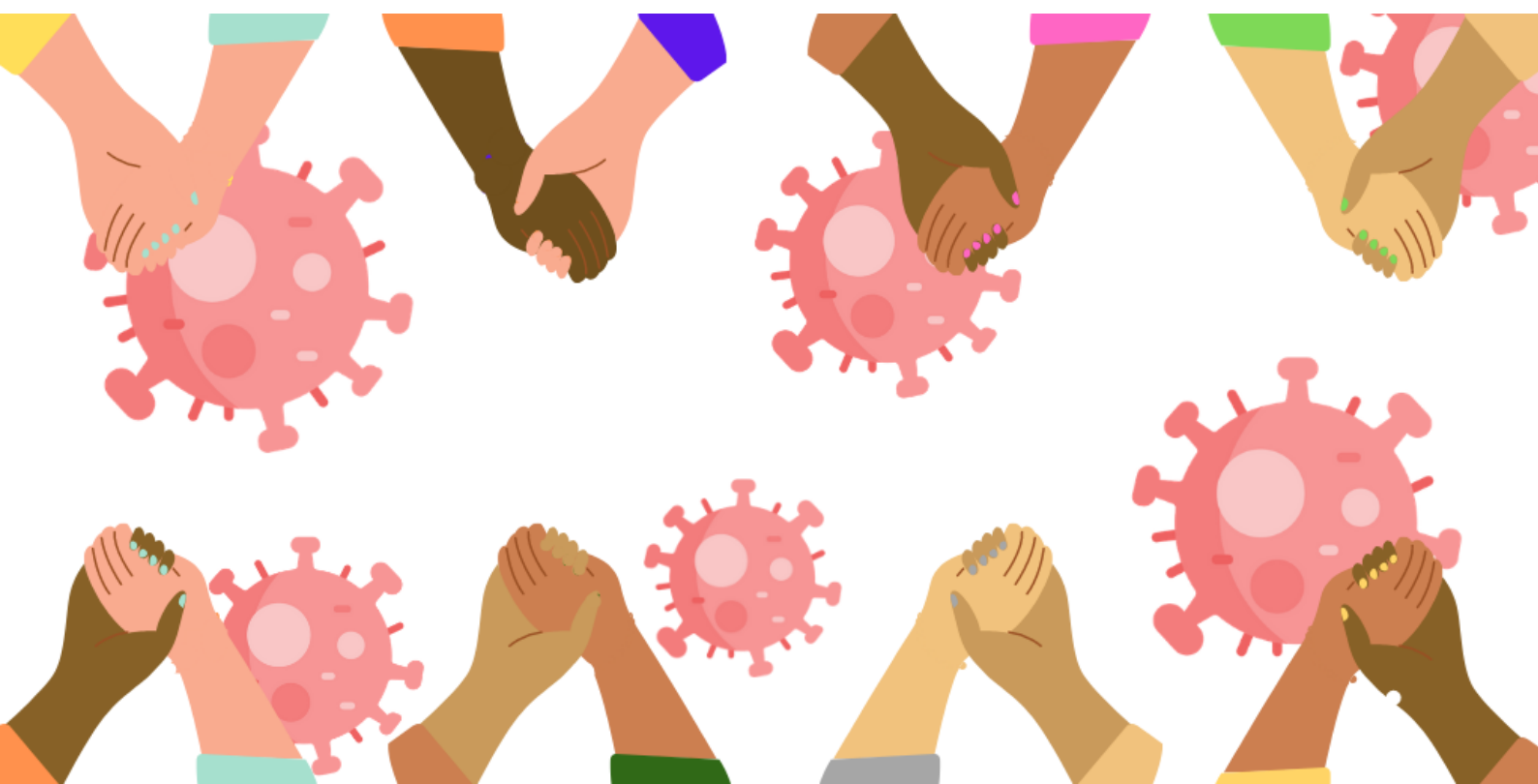


2020 SEE REPORT

IMPACT OF COVID-19

on

SOCIAL ECONOMY ENTERPRISES



June, 2020

2020 REPORT

SEE wishes to thank all those who contributed to circulating and completing the survey on the impact of the Covid-19 crisis on social economy enterprises and organisations.

A special thanks goes to SEE members for sharing the survey and to SZOWES, the West Pomeranian Network of Social Economy Support Centres, which helped adapt and circulate the survey in Poland.

This is a report by
Social Economy Europe.

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Disclaimer: this report does not intend to reflect the experiences and realities of the 2.8 million European social economy enterprises and organisations, but the 274 that replied to Social Economy Europe's survey.

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Context

This survey has been developed in the context of the Covid-19 pandemic, which swept across Europe during the first half of 2020. Other than a high cost in terms of human lives, the pandemic had a strong social and economic significance, as it forced individuals to stay home and financial activities to close while further exacerbating a series of social and economic divides within European societies and globally, in particular in the ability to access services and support systems.

In this context, the contribution of the social economy has been crucial. Social economy enterprises and organisations have been doing the utmost to support individuals and businesses, in particular those most at risk. They have been providing healthcare, food and social services to the most vulnerable groups, financial and business support to small enterprises, insurance, as well as other basic services such as water and energy to society at large.

Social economy enterprises and organisations are innovative, resilient and have a strong societal objective. While being at the forefront of the crisis and offering alternative solutions to the ongoing economic and social challenges, they also struggled through the pandemic. In this context, the survey aimed at gathering a clear picture on the situation of social economy enterprises and organisations during the Covid-19 pandemic, as well as their needs for the future. Was an effective support system established at national and local level that social economy enterprises could benefit from? Has employment within these organisations been hit? If so, in what way? Are there any needs or recommendations social economy enterprises want to share with public authorities and policymakers?

The objective of the survey was to shed light on the realities of social economy enterprises and organisations, both in their points of strength and weakness, in order to allow for a better understanding of the sector, in its principles, the way it works and its needs both in normal and crisis time.

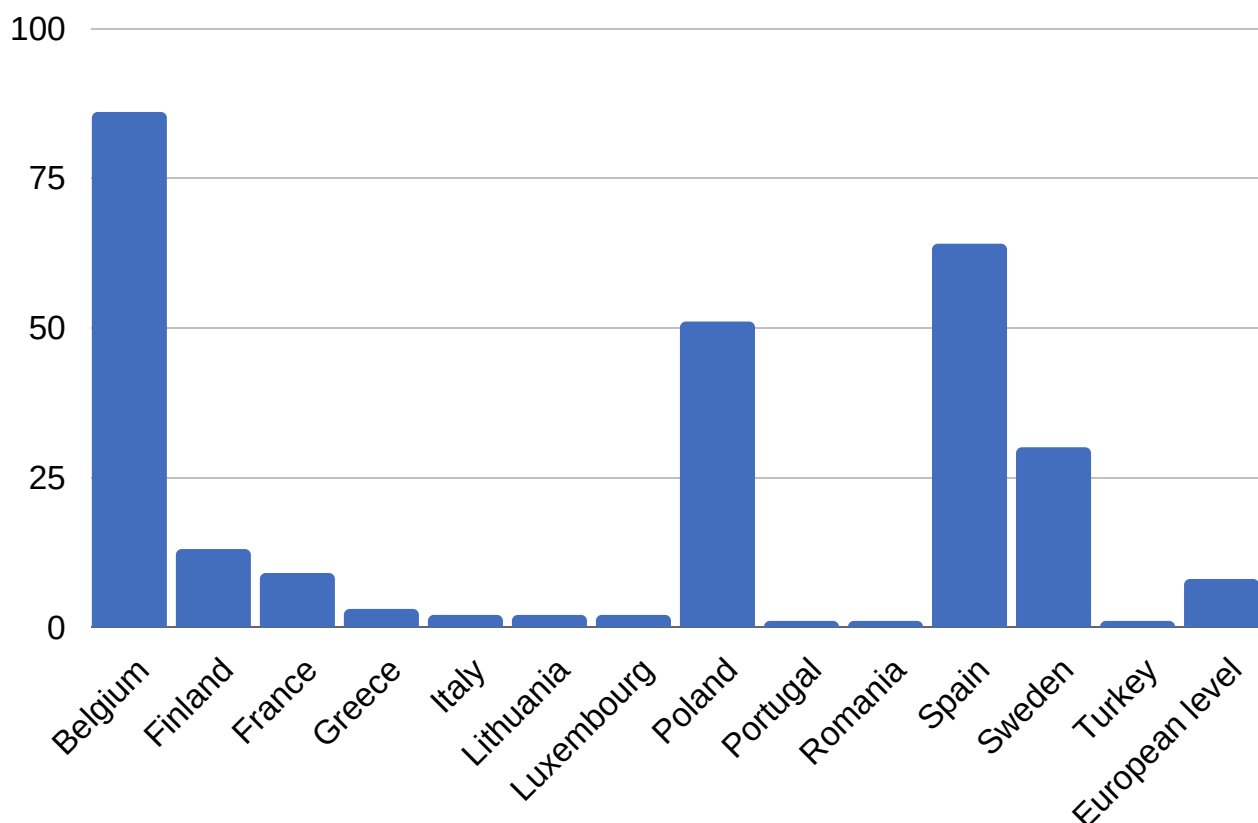
Methodology review

Under the request of the European Commission, Social Economy Europe drafted a questionnaire to understand the impact of the Covid-19 crisis on social economy enterprises and organisations, the measures these have benefitted from, the obstacles they have encountered, and finally their personal needs and recommendations.

The objective of the survey was to gather a clear picture of the significance of the Covid-19 pandemic on social economy actors, as well as to understand and develop solutions for a way forward.

The survey was published in four languages, namely English, French, Polish and Spanish. The total number of answers received was 274, among which 98 were completed in French, 65 in Spanish, 60 in English, and 51 in Polish. The responses covered 13 EU countries, 1 non-EU country (Turkey) and the category 'European level organisation'.

The chart below shows the exact number of countries and respondents for each country.



The questionnaire was published on May 4, 2020 and closed on May 25, 2020. It was circulated and advertised through the following channels:

- Social Economy Europe members;
- Social Economy Europe's newsletter, which at the time included around 1,400 contacts;
- Social Economy Europe's Website;
- GECES, the European Commission's Expert Group on Social Economy and Social Enterprises;
- the Civil Society Liaison Group of the European Economic and Social Committee (EESC);
- Social media: Facebook, Twitter, Instagram and LinkedIn;
- SZOWES, the West Pomeranian Network of Social Economy Support Centres, which adapted and circulated the survey in Poland;
- Swedish Agency of Economic Growth which circulated the survey amongst the Swedish social economy community.

The survey was structured combining multiple-choice questions, checkboxes, and open questions. The result was a particularly insightful combination of quantitative and qualitative data, which had the ultimate aim of gaining both a numerical understanding of the phenomenon and an insight on personal stories as well as targeted needs and recommendations.

Among the multiple-choice questions, we find enquiries on whether the Covid-19 pandemic has had a strong impact on the enterprises and organisations' activity and employment; whether the surveyed enterprises will manage to recover from the crisis or if there have been positive initiatives from national, regional, and local public authorities. The Polish questionnaire was adapted in cooperation with SZOWES to the local context and the specific needs of social economy actors in the territory.

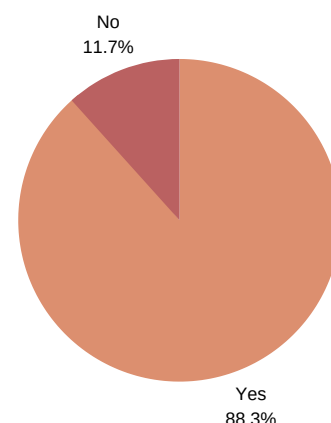
The open questions investigated the specificities of the impact of the crisis on activities and employment, of the support measures as well as the possible obstacles encountered. The questionnaire also asked to elaborate on needs and recommendations for the post-crisis period.

The impact of Covid-19 on social economy enterprises and organisations

The first important data to mention is that 88% of the surveyed maintains that the pandemic and lockdown *strongly affected their activity*.

71% of the respondents maintain the Covid-19 crisis *had a strong impact on employment* within their enterprises or organisations.

Have the pandemic and lockdown strongly affected your activities?

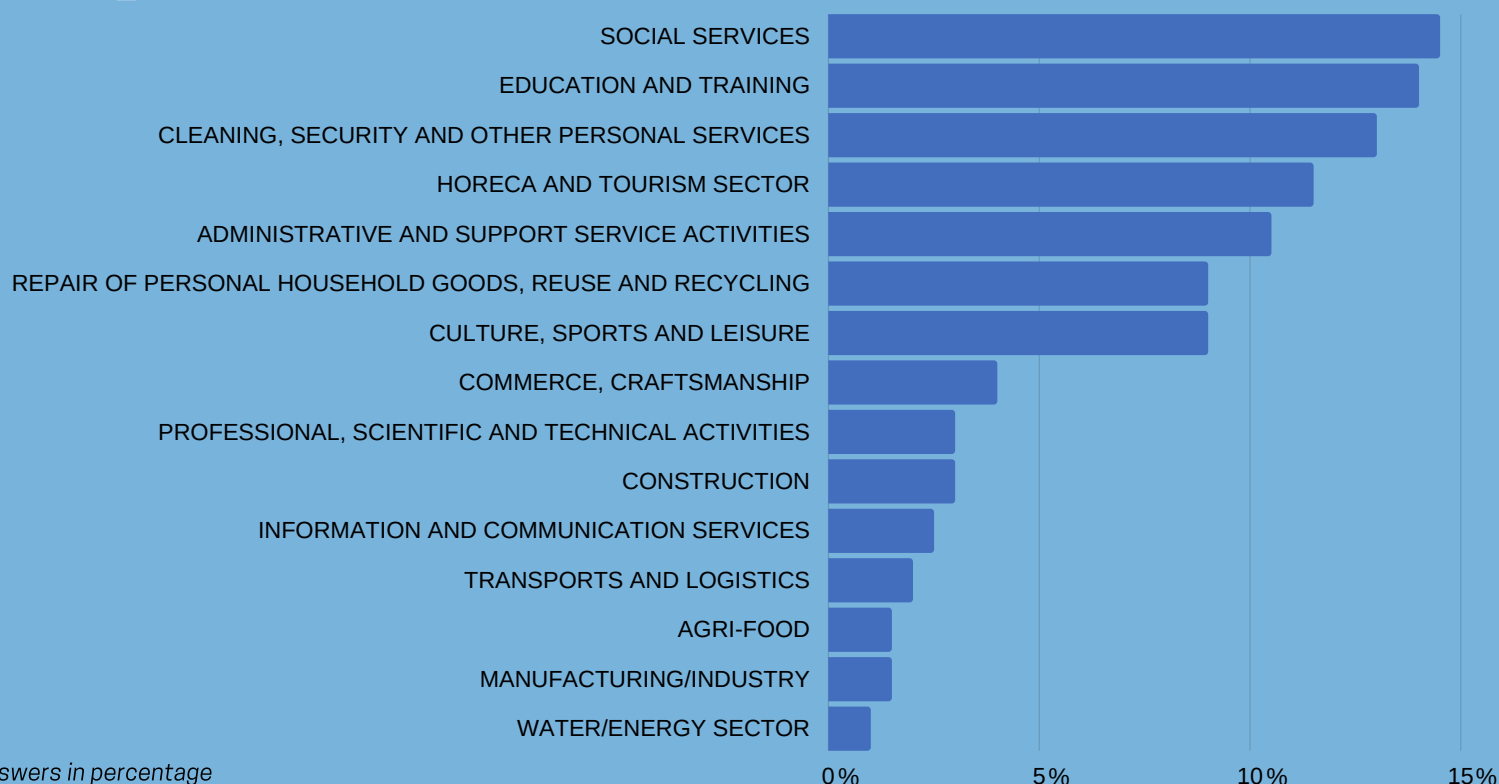


This graph does not include the Polish survey answers

Those who claimed this, were then grouped according to their sector, in order to draw a picture of the hardest-hit domains. It is important to mention that respondents were allowed to select more than one sector in which they operate because of the inter-sectorial groups. The three who appear to have suffered the most in terms of employment are: social services (14,5%); education and training (14%); cleaning, security and other personal services (13%). Right beneath we find the HoReCa and tourism sector (11,5%), administrative and support service activities (10,5%), and finally repair of personal and household goods, reuse and recycling, at the same level as culture, sports and leisure (9%).

Below is a full list of sectors that enterprises suffering an impact on employment belong to.

Impacted sectors

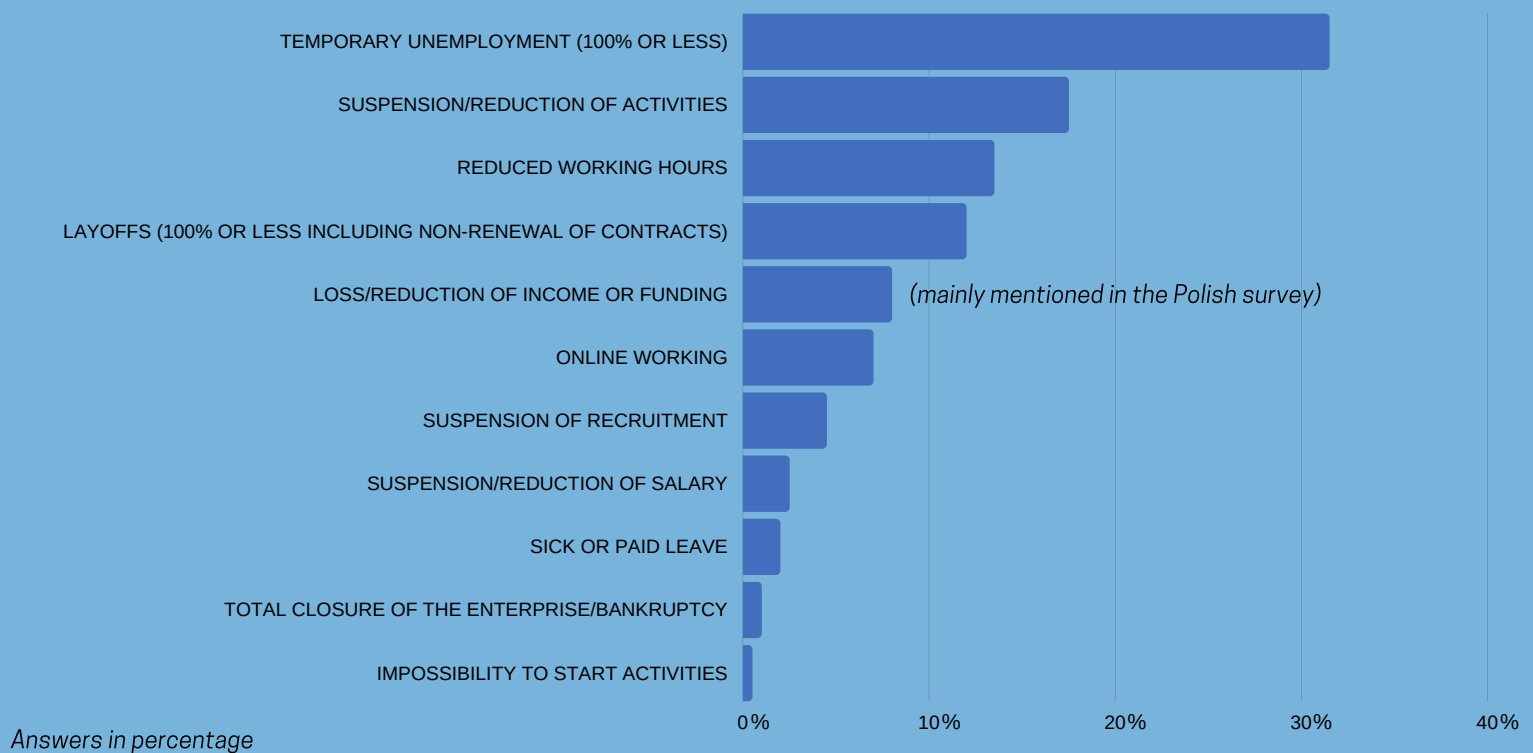


Employment has been hit in a number of different ways. Respondents were asked to elaborate on the main impacts on employment within their companies. It is important to highlight that, as the question was open, enterprises answered with multiple types of impact; most of them mentioned more than one.

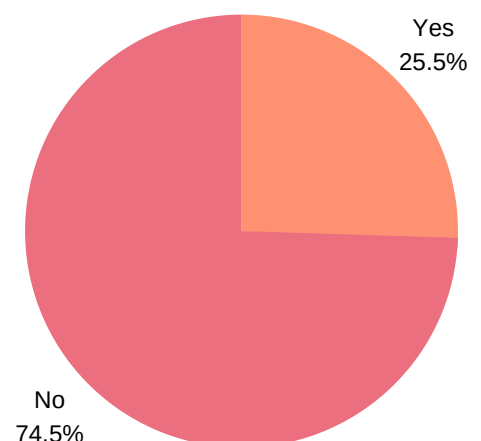
31.5% of the surveyed were impacted in the sense that temporary unemployment schemes were put into place. 18% suffered reduced or suspended activities; connected to this, 14% of the surveyed mentioned the reduction of working hours. 12% of the respondents had to fire staff (in some cases the entirety of the workforce), including non-renewal of contracts within the measures adopted.

Below is a chart with the exact figures and all the measures cited.

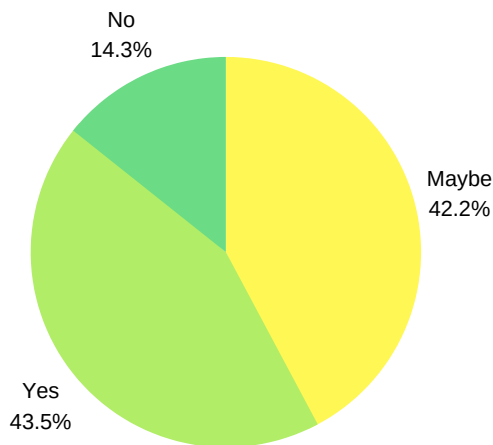
Type of impact on employment



Additionally, the Polish survey asked the following question: *as a result of Covid-19, do you plan on introducing employment reductions in your enterprise/organisation within the next three months?*



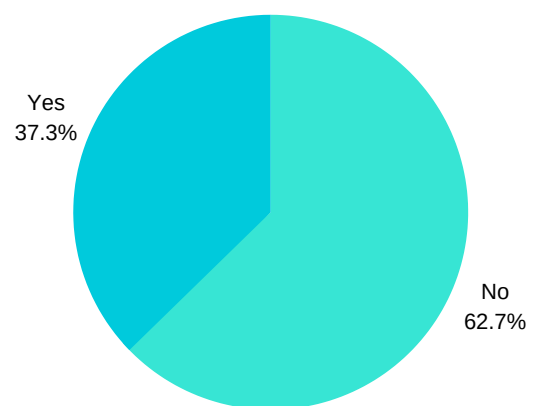
Will your enterprise be able to fully recover in the coming months?



Against this background, 43% of the surveyed believes they will be able to fully recover from the effects of the crisis in the coming months.

Around 40% of the surveyed people were uncertain about their ability to fully recover, and 15% said they believe they will not.

The graph *does not* include the Polish survey answers, who instead answered the following question: *is the current scale of development of the Covid-19 pandemic likely to result in the risk of your company/organisation going bankrupt in the next 6 months?*



Main message for policymakers

It is clear that governmental measures such as temporary unemployment schemes and different types of financial support are crucial to keep social economy enterprises alive. As highlighted by the respondents, in many occasions the support measures are not designed taking into account the specificities of social economy enterprises and organisations, and in other cases these measures are simply not accessible by all social economy actors, impeding a level playing field. In this context, many employers see themselves forced to lay staff off, reduce or suspend activities and/or salaries, and curtail working hours. This is why ensuring the access of all social economy actors to governmental support schemes is fundamental to ensure the resilience of social economy enterprises and organisations and their ability to recover and continue providing innovative solutions to today's most pressing needs.

Country-specific measures and their effectiveness



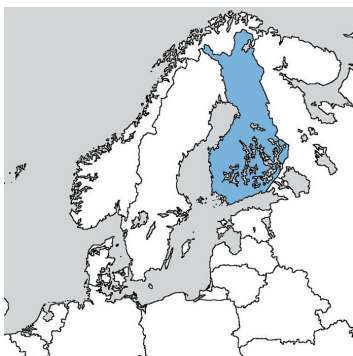
Belgium

92% of the Belgian social economy actors surveyed have stated they benefitted either from national measures, or from regional and/or local measures, or from both. Only 8% maintains they have not received any form of help. Among the most-cited positive measures, the 5000-euros premium is by far the most popular.

Other mentioned provisions are: general financial help, partial employment support, implementation and continuation of special subventions, deferral of payments or deadlines, logistical help, provision of medical equipment and administrative simplification.

These, however, did not always prove enough. In the analysis of obstacles encountered by enterprises, it appears that measures are weak, confusing (clear information seems to be missing) and not well-proportioned. Administrative slowness, including payment delays, represent a not indifferent issue. This adds up to the problem that measures are temporary and leave enterprises in financial threat after having expired.

Social economy enterprises and organisations are also struggling with technical, virus-related problems such as the need to quarantine goods and the consequent struggle with storage space, as well as the general difficulty in following hygiene norms related to the provision of medical equipment or social distancing rules.

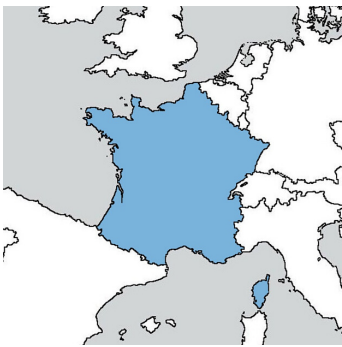


Finland

Around 85% of the Finnish enterprises surveyed have claimed they have not benefitted from neither national nor local/regional measures. The picture drawn by the respondents points out a situation where governmental measures indeed exist but exclude some social economy actors, for example foundations and associations.

These types of companies therefore cannot access the financial help granted by the institutions.

Other obstacles mentioned are technical ones, including lack of time; high costs, e.g. over-time compensation costs, quarantine costs, protecting equipment costs. Among the positive measures enterprises claimed they benefitted from, only one answer was provided, which concerned the provision of protective material.



France

All of the French social economy enterprises and organisations that answered the questionnaire stated that they benefitted either from national measures, or from regional and/or local measures, or from both.

In particular, French social economy actors were satisfied with the information and support provided by Social

Economy support organisations response, mentioning in particular the Regional Chambers of Social and Solidarity Economy (CRESS) and the interlocution role played by the French Chamber of Social and Solidarity Economy (ESS-France). Furthermore, respondents indicated being satisfied with the general financial help (including bank loans, subventions and deferral of payments), postponed deadlines and provision of protective material.

Respondents also mentioned specific measures that they particularly appreciated, such as the local support plans for the social economy, with a specific mention to Grenoble.

Among the obstacles mentioned, some of the most common ones included: administrative slowness, lack of information or difficulty in accessing it, weakness of regional measures and the temporary nature of financial help. Associations seem to be struggling particularly, as they are a type of social economy enterprise that often cannot access targeted measures.



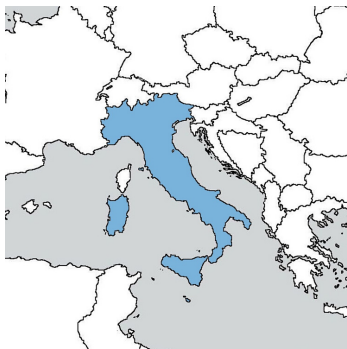
Greece

The Greek social economy enterprises and organisation that responded to the survey claimed that they have not benefitted neither from national nor from local or regional measures, as these exclude social economy actors.

Furthermore, SEE received letters by the *Social Cooperatives Union Dynamiki* and from the *Social cooperative Anemos Ananeosis / Wind of Renewal*, in which they express the difficulties that social economy enterprises and organisations in Greece are facing to:

- Establish an institutional dialogue with the Greek government and public authorities;
- Access any public aid, subsidies and other financial support offered by the Government of the Hellenic Republic to support enterprises throughout the Covid19 crisis. Social economy enterprises and organisations seem to be excluded from these mechanisms.

Furthermore, Greek social economy actors report on the urgent need to improve the legal and supportive policy framework. In cooperation with its members, Social Economy Europe is at the disposal of the Greek social economy community to support a favourable ecosystem for the development of all social economy enterprises and organisations.



Italy

Out of the two respondents, one mentioned that their enterprise benefitted both from regional and national measures, managing to keep the staff at work. The other said they had not benefitted neither from national nor local and/or regional level measures, mentioning the difficulty in communicating with public institutions as the main obstacle.



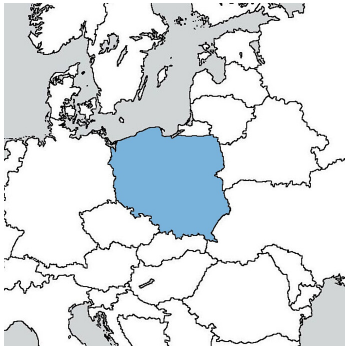
Lithuania

Both respondents from Lithuania have claimed they have not benefitted neither from national nor from local or regional support, mentioning that measures are not accessible by social economy actors.



Luxembourg

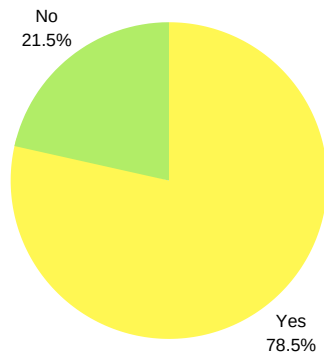
Luxembourgish social economy enterprises that responded benefitted from national measures, seeing an extension in the duration of normal unemployment schemes.



Poland

85% of Polish social economy enterprises and organisations that responded said that they had been able to access national or regional measures of support, such as: the Anti-Crisis Shield; exemption from the ZUS social security contributions; deferment of lease instalments; regional support and co-financing through regional social economy support organisations (such as SZOWES); loans (through PUP and PFR); and financial support through the State Development Fund.

As a result of COVID-19, has your enterprise/organisation experienced a decrease in revenue from its economic activities?



Various respondents mentioned the important support they received from other social economy enterprises and organisations and support structures, citing that sometimes this support was more significant for them than that of the government. Furthermore, a number of organisations have mentioned that the government support measures were neither directly aimed at the social economy, nor did they take into account the specificities of the social economy. There was a specific reference to the lack of a law that would allow for the possibility of waiving fees for premises leased by NGOs.

Lastly, some respondents claimed that although they were able to access the tools the government provided, this was not enough, there were delays or the measures were not fully relevant to the needs of the social economy.



Portugal

The only organisation that answered from Portugal, SEE member CASES, explained that national and regional measures to support social economy enterprises and organisations have been provided. The role of the social economy in mobilising volunteers to support the most vulnerable, was highlighted.

The CASES platform #Cuidadetodos, mobilised more than 3,500 volunteers to respond to the needs of the people, Covid-19 patients included. With regards to national measures, the 85-A/2020 ordinance is mentioned, which defines and regulates extraordinary support to social and solidarity institutions, social cooperatives, disability organisations, among others.



Romania

The only respondent from Romania has not benefitted neither from national nor from local or regional measures.

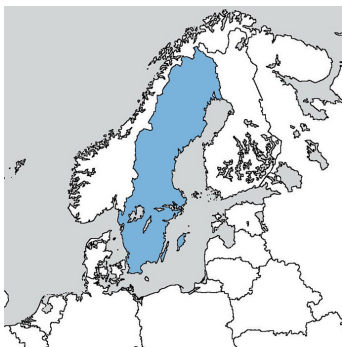


Spain

Almost 80% of the Spanish respondents stated that they have benefitted either from national measures, or from regional ones, or from both. In particular, positive initiatives are: guaranteed loans from the Spanish Official Institute (ICO); more flexible access to unemployment benefits, so

that a company does not have to take on a redundancy programme (ERE) or maintain jobs that de facto do not exist; temporary unemployment schemes (ERTE) and access to the severance to pay.

Those who saw obstacles in accessing national or regional help, mainly mention the lack of social economy targeted support, explaining that plans are usually thought for large companies and medium-sized companies. Interestingly, one respondent pointed out some obstacles to access ICO guaranteed loans from financial institutions.



Sweden

Around 70% of the Swedish social economy enterprises and organisations surveyed said they benefitted either from national measures, or from regional and/or local measures, or from both. 30% claims they have not managed to access any help. Among the positive measures implemented, almost half

concern lower payroll taxes. Other government measures include rent reduction, governmental funds (for advertisement, funds, layoffs), provision of protective materials, sharing of information and general financial help (including short-time work benefits). Some respondents mentioned that some social economy actors were unable to access support measures.



Turkey

The survey collected only one answer from Turkey. The enterprise maintains they have not received help on a state-level, and mentions legal obstacles in the difficulties in accessing institutional support.

Recommendations

The survey asked social economy enterprises and organisations to explain their needs and put forward recommendations directed at public authorities and policymakers to support the social economy overcome the Covid-19 crisis. SEE has analysed the needs and recommendations of all respondents and grouped the answers in the most recurring themes, then summarised them, with a view to giving a broad picture of the main messages that came out of the survey results.

Recommendations related to financial support

Many respondents cited a loss of income to be one of their main difficulties; similarly, financial support appears with frequency among the needs to recover from the crisis.

Particularly, respondents mentioned the need for improved access to guaranteed loans, with low interest rates, both from both national and EU level (EIB/EIF) for social economy enterprises and organisations.

Other recommendations on financial support include the extension of social security measures put in place due to Covid-19, such as the extraordinary reduction of social security contributions and/or its postponement; and the provision of fiscal support to social economy enterprises and the worst hit sectors, such as tax reliefs. Other recommendations on financial support included direct grants to SMEs to compensate for their lack of income during the confinement period; facilitating access to State Aid especially for social economy enterprises and organisations; and specific support to atypical workers in the social economy, such as the self-employed, platform workers and so on.

Recommendations related to other types of support

As numerous social economy enterprises and organisations mentioned in the survey, one of the most used governmental measure was technical unemployment.

In this context, considering the extension of unemployment support was one of the most frequent recommendations. Furthermore, as remote working is still safer than returning to the place of work, in order to ensure work-life balance and the gender dimension of working from home for staff with children, many respondents have asked that parental leave be extended exceptionally and for the provision of childcare solutions.

What resonated with many enterprises and organisations that answered the survey from almost all geographical areas, was the difficulty they experienced in accessing information and support regarding measures and rules related to Covid-19. Respondents call for an improvement in this area, with a sort of 'one stop shop' for social economy actors metaphorically speaking, to find relevant information, legal support among other useful information and help. Respondents also cited the need to reduce bureaucracy and administrative burdens in accessing support measures, as well as to ensure the feasibility of digital access to these measures.

Recommendations for social economy enterprises and organisations to bounce back

In order to restart activities, several respondents – especially those active in the HoReCa and tourism sector – have recommended the progressive loosening of

restrictive measures, accompanied by a strengthened health system and the free provision of protective equipment, so that the enterprises can ensure the safety of their workers, customers and beneficiaries. Enterprises active in these sectors made specific recommendations related to ensuring that travelling and tourist and cultural activities are safe. What's more, respondents mentioned the need for reducing social security costs, so as to be able to engage additional employees.

Well-being specific recommendations

Many respondent enterprises and organisations expressed concern regarding their staff and their beneficiaries' mental health, recommending governments to ensure that psycho-social support be available and accessible, especially for

healthcare and care workers. Also recommending that a substantial extension of the public mental health service should be promoted.

Social economy specific recommendations

What transpired in the survey answers, was the difficulty social economy enterprises and organisations faced when accessing national, regional and/or local measures, with respondents often

citing that the measures designed did not take the specificities of all the different forms of the social economy into account. In connection to this, a big part of the respondents asked for support to enterprises to be diversified, taking into account the needs specific to each type of enterprise (considering the size of the enterprise, the sector they're active in, their legal form and so on).

It is clear from the respondents' comments that the understanding of the social economy amongst public administrations needs to be improved. For this, respondents recommend for social economy actors to be involved in institutional dialogue and key for a such as the social dialogue.

Respondents recommend raising awareness on the solidarity initiatives taken during and post- crisis, as well as the key role played by social economy enterprises and organisations, such as associations, volunteers, cooperatives, mutuals and so on.

This crisis, we could argue, has demonstrated the need to relocalise and generally rethink our economies. To contribute to rebuilding tomorrow's economy, respondents believe that raising awareness on the social economy as a business model for the reconstruction of Europe, that leaves no one behind, is very a timely need. Social economy solutions such as collective entrepreneurship for job creation, and the transfer of businesses to employees to save jobs and companies across the EU should be encouraged and facilitated through the recovery plans.

Specific ways, suggested by respondents, to support the social economy contribute to the recovery of the EU, include mobilising publicly guaranteed investment in strategic social economy projects and promoting socially responsible public procurement and its access by social economy enterprises and organisations, by making use of the tools made available by the EU such as social and environmental clauses, reserved contracts, division into lots and so forth. An EU Guide, including 71 good practices on achieving socially responsible public procurement has been published by the European Commission and should be used as a useful tool by public administrations.

Additionally, respondents have expressed the need for support for re-training and up-skilling of employees especially with regard to digital skills, as well as the need to take into account the slowdown of activities due to Covid-19 when assessing grant applications and in terms of activity reports. Other initiatives suggested by respondents included support to incubators for social economy enterprises and the exchange of good practices, in terms of adequate support to social economy enterprises.



EU-level specific recommendations

Many respondents want to see the social economy as a priority for the economic and social recovery that Europe needs. What respondents highlighted is a need for an appropriate EU Legal Framework for the SE allowing

them to thrive and operate transnationally in the EU single market. Respondents also called on EU Institutions to approve a strengthened Multiannual Financial Framework 2021-2027, in line with the Next Generation EU, that takes into account the new socio-economic situation, and serves as powerful leverage for the economic recovery but also addresses the strategic investments that the EU needs to lead the ecological and digital transitions, especially in areas such as the circular economy, and to further strengthen and modernise our welfare systems (that constitute our first defence against the effects of the pandemic).

Unprecedented investments on innovative social economy projects should be mobilised through the ESF+, the InvestEU programme and the ERDF, among other instruments and funds, particularly in strategic areas as healthcare, social innovation, digitalisation, social services, inclusion, circular economy, industry, production of renewable energies, efficiency, skills, education, agri-food, transport etc. Also, specific support should be dedicated to work integration social enterprises (WISEs), to assist them in their role of ensuring the social and labour market inclusion of individuals at risk of exclusion.

Additionally, recommendations refer to the need to boost Social Investment in social services and welfare (healthcare, education, care services etc.) with a focus on non-profit entities; the need of transversal social economy policies, accompanied by an adequate budget and mainstreaming these policies in the Next Generation EU programme as a leverage for the social and economic recovery of the EU.

Moreover, with regard to supporting the recovery of third countries, in the EU's external actions the EU could strengthen its promotion of the social economy through the European Fund for Sustainable Development, through the integration of the social economy among the funding priorities of the new Neighbourhood, Development and International Cooperation Instrument (NDICI), as well as by providing technical assistance (on legal frameworks for the social economy for instance), capacity building, and by encouraging third countries' governments to include the social economy in their national strategies to achieve the Agenda 2030 as a key driver to achieve most of the Sustainable Development Goals.

Finally, Social Economy Europe believes that the European Action Plan for the Social Economy, that the Commission has announced for 2021, constitutes a unique opportunity to put social economy at the heart of the efforts to restore sustainable growth and social cohesion in Europe. A clear EU operational conception of what the social economy is and of its specific features and concrete needs will be required to address a major part of the recommendations that transpired through the survey results.

About the social economy

The social economy is made up of cooperatives, mutuals, associations, foundations and social enterprises among others, united around the primacy of people and the social objective over capital, democratic governance, solidarity and the reinvestment of most profits to carry out sustainable development objectives. Social Economy Europe (SEE) is the EU level representative institution for the social economy. It aims at promoting the input of the social economy enterprises and organisations, at fostering the role and values of social economy actors in Europe and at reinforcing the political and legal recognition of the social economy and of cooperatives, mutual societies, associations and foundations (CMAF) at EU level.

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 include the European organisations of: mutual and cooperative insurers (AMICE); non-profit healthcare players, health mutuals and health insurance funds (AIM); not-for-profit institutions of social protection (IPSE); industrial and service cooperatives (CECOP); foundations (EFC); associations of general interest (CEDAG); not-for-profit faith-based social services providers (Eurodiaconia); work integration social enterprises (ENSIE); ethical banks and financiers (FEBEA); European microfinance institutions (EMN); and the European Cities and Regions for the social economy (REVES). SEE also represents the national social economy organisations of France (ESS-France), Italy (National Third Sector Forum), Portugal (CASES), Spain (CEPES) and Belgium (ConcertES).





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