

Social Economy – Methods of generating growth at local level Brussels, 25 November 2004

Aim of the conference

The conference was organised by the Central Sweden region, and aimed to discuss the concept of social economy as a means of generating growth at the local level. It presented a number of examples of social economy projects in Central Sweden.

Speakers

Speakers included:

Jens Nilsson, *Mayor of Östersund and member of the Committee of the Regions*
Johan Boström, *Municipality of Mora*
Lars Carlsson, *Association for Local Development and Social Economy, County of Örebro*
Gordon Hahn, *SERUS (Social Economy and Regional Development in Scandinavia)*
Rolf Lysell, *Innotiimi Co., County of Gävleborg*
Albrecht Mulfinger, *DG Enterprise, European Commission*

Main points from the speakers' presentations

Features of the social economy

- Opening the seminar, **Jens Nilsson** explained that the success of the social economy depends on local authorities listening to citizens – it is a chance for politicians and citizens to work together to develop local communities. **Rolf Lysell** supported this view, stating that it is important, and indeed necessary, to involve people if you want to make a change, whether it is a change to a company or to a local community.
- **Jens Nilsson** went on to describe three features of a strong social economy:
 - Democracy. The dialogue involved in social economy makes citizens active and therefore supports democracy and participation.
 - Welfare. The quality of public welfare services can be greatly enhanced if social economy organisations are involved in their provision. It can also result in reduced costs of providing these services.
 - Economic growth. The social economy stimulates private entrepreneurship, giving people the confidence to act which in turn creates local growth.
- **Gordon Hahn** explained that the main motivation of a social enterprise is the public good or the good of its members, rather than economic gain, and also stressed the view that the social economy is an important way of empowering local people.
- **Johan Boström** described social economy activities as having benefits for local business life, society, democracy and the participants in the projects it supports.

- According to **Rolf Lysell**, the reason for the mobilisation or creation of a social enterprise is usually a local threat, such as a school closing down or a company moving out of the area.
- On the future of the social economy, **Albrecht Mulfinger** expressed the view that the ageing society and the health sector both provide great potential for future social economy development.

Examples of the social economy in Central Sweden

- **Jens Nilsson** explained that the social economy has taken off in the Östersund region during the past 10 years – it was previously seen as less important than private companies, but is now a very important element of partnerships for local economic growth.
- At the beginning of the 1990s, the Swedish Institute for Social Economy was created, with the aim of convincing political parties to engage in the issue – it was successful, as no party was negative towards the concept.
- **Rolf Lysell** spoke about the Bollnäs West Enterprise Account, which is a reaction to the reluctance of large banks to give loans to small local projects.
- The Enterprise Account is made up of the residual funds of many small local societies in the Bollnäs area. Each society had funds in their bank accounts which were laying idle, so the Enterprise Account was created to bring together all these balances.
- The bank holding the Enterprise Account is a local bank which offers no interest on the balance, but also charges no interest on loans.
- Any of the societies with money in the Enterprise Account can use their share of the money at any time, or can borrow from the bank using the Enterprise Account as security.
- The Enterprise Account supports local enterprises, helps people moving into the area to buy a house, and helps young people to borrow money for their education.
- If a society has a project idea, they can meet with the members of the other societies to discuss the project's potential for improving the local area – this is a key criterion for a project using the Enterprise Account, along with the need for it to be environmentally friendly.
- **Lars Carlsson** presented the L&SEK project, which aims to strengthen local development and the social economy in Örebro County. It is effectively a network of local advisers with a mandate from local authorities and community groups to work in three different areas – advice and cooperation between county representatives, financial support, and raising status and skills through research and education.
- The project converts potential into action by developing the confidence and self-worth of its participants. Its outcomes include 300 new or safeguarded jobs, help provided to 65 new or existing local businesses, 10 new local action groups, local community engagement and increased self-confidence of the participants.
- **Johan Boström** spoke about the Village Action Group of Sollerön (VAG Sollerön), an organisation working for local development in areas such as culture, tourism, employment, enterprise, environment and social services.

- One example of a project is the Resource Centre for Women, which aims to tackle the problem of unemployment for women over 55 in the area. It helps to develop their skills and entrepreneurial spirit through activities such as the creation of the Sollerön Visitors' Centre, which is a centre for tourism consisting of a small collectors' museum and a handicraft house. Not only does the Centre promote local tourism, it has also created 10 new jobs, including 3 in the Visitors' Centre itself.
- Any profit made by the VAG Sollerön is used for the benefit of the local area, rather than shared between the group's members.

Social economy and the EU

- **Jens Nilsson** spoke briefly about the REVES Network (European Network of Cities and Regions for the Social Economy) which was begun in 1996 by Östersund and the Italian region of Calabria, and now has around 70 members (local and regional social economy partnerships) in 10 countries. More details are available on the network's website: <http://www.revesnetwork.net/>.
- According to **Jens Nilsson**, the next programming period for the Structural Funds (2007-2013) should prove positive for the social economy.
- **Gordon Hahn** spoke about the strong link between local social economy issues and a number of EU-level issues, including:
 - The Lisbon Strategy
 - The European Employment Strategy
 - Life-long learning
 - The Social Inclusion Action Plan
 - The principle of subsidiarity (taking action at the closest possible level to the citizen)
- He also stressed that the ideas behind social economy can help to overcome problems which exist across the EU, and that social economy projects therefore provide a strong basis for transnational partnerships.
- **Albrecht Mulfinger** expanded on this by explaining that the ten new EU Member States need to develop the social economy sector as a tool to help social integration and employment.
- He went on to say that a European Statute for Cooperatives is due to come into effect in 2006, allowing cooperatives to compete on a level playing field across the EU.
- He also announced that the Commission intends to launch a study in early 2005 which will bring together good examples of activities within the social economy.

Conclusions

European-level activity related to the social economy sector is getting stronger, and the elected politicians (European Parliament and Committee of the Regions) are very supportive of the concept.

Transnational working is vital to exchange experience on the social economy, and will be a key element of the future Structural Funds, whatever the final proposals look like. Therefore transnational projects based around the social economy must be encouraged.