

**CECOP answer to the European Commission's consultation regarding the
provision of services to long-term unemployed**

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CECOP – CICOPA Europe (European Confederation of Worker Cooperatives, Social Cooperatives and Social and Participative Enterprises) groups national organisations in 15 countries which in turn affiliate over 50.000 cooperative and participative enterprises in industry and services, the vast majority being SMEs, and employing 1.3 million workers across Europe. Most of them are characterised by the fact that the employees in their majority are members-owners. More than a thousand worker cooperatives in the CECOP network were created as business transfers to employees of conventional enterprises in crisis or without heirs. Furthermore, few thousand of the enterprises of our network are specialised in the reintegration of disadvantaged and marginalised workers (disabled, long-term unemployed, ex prisoners, addicts, etc).

Around 4.000 of cooperatives in CECOP network have as core mission the labour integration of disadvantaged groups. Very often those disadvantaged groups are the most likely to face unemployment and particularly long-term unemployment. More than just providing a job, work integration social cooperatives invest in training of vocations skills ensuring tailored jobs also for persons with specific needs (persons with disabilities, social exclusion etc). They can provide a sustainable job or act as a stepping-stone for those willing to reintegrate other types of enterprises. They create a working environment where long-term unemployed and other types of workers work together¹. Cooperatives also allow them to take part in the control and management of their enterprise (as long as they are able to do so). In this way, they attain a particularly high level of social integration.

⇒ Member States should put in place any type of incentives (such as wage subsidies or bonuses, reductions in social security contributions, training costs subsidies etc.) accessible for cooperatives employing (long-term) unemployed

¹ In Italy for instance work integration social cooperative employ 30% of disadvantaged workers, the rest being “regular” ones.

persons. They should guarantee that cooperatives are not discriminated against and that they can benefit from those measures like any other enterprise.

In Italy cooperatives, as any other enterprise, can benefit from the incentive introduced by the recent « Jobs Acts ». The employers are subject to a total relief of social security contributions for the recruitment of the employees but only with an open-ended contract. The incentive can be combined with other incentives of economic nature such as the one for the recruitment of people with disabilities, young people etc. Another incentive foreseen by the Jobs Act allows enterprises hiring an unemployed person to receive 50% of his or her unemployment benefit.

The European Commission is mentioning neither in the background document nor in the consultation the possible vulnerable situations of the long-term unemployed requiring specific attention and tailored support services (eg. people with disabilities, migrants, (ex) sentenced, drug addicts etc).

In Poland, the government has amended the law on social cooperatives in order to allow incapacitated persons to create social cooperatives through their legal representative. Such cooperatives have already been established.

- ⇒ It is essential for Member States to consider the vulnerable situations long-term unemployed persons may face. Specific measures should be foreseen for them and those incentives should be combined with other incentives available for (long-term) unemployed persons.

Cooperative entrepreneurship, a solution for long-term unemployed persons?

Inside the CECOP network, we can also find examples of cooperatives created by long-term unemployed people, sometimes as a common initiative with others facing or sharing common difficulties (eg. cooperatives created by migrants, people with disabilities etc). Here again, more than just creating “their own job”, as co-owners of the cooperative, they develop new skills and thus increase their empowerment and self-esteem. This also contributes to a higher economic but also social integration in the society.

There are around 1.300 social cooperatives in Poland. Over the last few years we have noticed an increasing trend of social cooperatives start-ups, notably thanks to the European Social Fund contribution. The Polish Ministry of Labour and Social Policy has conducted a survey in 2012-2013² about those enterprises and the results show that:

80% of the social cooperatives funders taking part in the survey are natural persons (the rest being NGOs), the majority of them being unemployed.

² “Informacja o funkcjonowaniu spółdzielni socjalnych za lata 2012 – 2013”

in 94.2% of the social cooperatives, there was at least one unemployed person among the founders

32.7% of the social cooperatives were established by people with physical disabilities

3.8% of them were established by people suffering from alcohol dependence who have completed a treatment program

2.9% were established by people suffering from mental health problems

1.9% were established by ex-prisoners

⇒ Although financial support from public authorities and European funds under the form of starting capital is important in helping long-term unemployed establish a cooperative, investing in education and training of those persons remains essential as a guarantee for fruitful and sustainable work experiences.

Some member states have put in place incentives encouraging unemployed persons to create a cooperative. For example, the Spanish *Pago Unico* initiative allows unemployed persons to receive a certain amount of their unemployment benefits in a lump sum in order to use it as starting capital for the creation of a cooperative or another type of social economy enterprise. A similar initiative has been put in place by the Italian government enabling redundant workers to use their mobility allowances³ in order to buy out the enterprises that was employing them and which is facing closure.

The revival of the historic paper mill Pirinoli-Pkarton manufacturing carton boards in the municipality of Roccavione (Piedmont region, Italy) is an interesting example in this respect. In 2012, the enterprise went into liquidation and the former employees decided to invest their mobility allowances in order to buy out the enterprise and save their jobs. They have succeeded and have created a worker cooperative⁴. They have received financial support and have been accompanied during the whole restructuring process by Coopfond and Legacoop.

Employee's buyouts of enterprises in crisis are not a minor phenomenon in Europe⁵: in France in 2014, 23 workers cooperatives were established after employees have bought out the closing enterprises. 275 jobs were saved in this way⁶.

³ Allowance for redundant workers from sectors recognized as being in crisis

⁴ A workers cooperative is a cooperative where the employees hold the majority of the share capital

⁵ For more information on that topic please read "Business Transfers to Employees under the form of a Cooperative in Europe" published by CECOP <http://www.cecop.coop/Business-Transfers-to-Employees>

⁶ Data from CG Scop (French Federation of Workers Cooperatives): <http://www.les-scop.coop/sites/fr/>

Youth cooperative entrepreneurship

The European Commission recognizes in the background document that young Europeans are very much affected by long-term unemployment. Cooperative entrepreneurship is one of the ways for young people to solve their unemployment situation and, at the same time, breaking obstacles young people can face in taking a more active and autonomous place in society and making them take ownership and feel more responsible for their own initiatives.

Some cooperative organisations from the CECOP network, facing this problem directly, have created specific programs targeting the youth and youth unemployment. Specific funds, training sessions, collaboration with universities, campaigns, incubators for youth cooperatives in industry and services have been multiplying over the last years in different Member States. Just to mention few of them: AltGen⁷ in UK, OOP! – Confcooperative⁸ and Generazioni – Legacoop⁹ in Italy.

- ⇒ Member States should make funds available for young people willing to establish cooperatives. They should also support existing programs created by cooperative organizations (like those mentioned before) since they are the most appropriate partners and the best guarantee for the success and durability of those initiatives.

⁷ <http://altgen.org.uk>

⁸ <http://oop.confcooperative.it>

⁹ <http://generazioni.legacoop.it>