CECOP CICOPA Europe

The European confederation of industrial and service cooperatives

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# Worker and social cooperatives as engines of social inclusion and poverty reduction

## CECOP's contribution to the European Commission's call for evidence on the EU Anti-Poverty Strategy

CECOP, the European Confederation of Industrial and Service Cooperatives, welcomes the opportunity to provide feedback to the European Commission as it is developing its first EU Anti-Poverty Strategy. CECOP represents approximately 43,000 cooperatives across Europe, being mainly worker cooperatives, social cooperatives and cooperatives of autonomous workers[1]. In turn they employ over 1.3 million people. These are democratically owned and managed enterprises that contribute to sustainable and inclusive growth by combining economic performance with social progress. Worker and social cooperatives provide quality, inclusive employment opportunities, reaching those furthest from the labour market, and they provide affordable and accessible services, particularly for vulnerable populations and in disadvantaged areas.

The first Anti-Poverty Strategy is a long overdue initiative, intrinsically linked to the European Pillar of Social rights (EPSR) and the EU headline target of reducing the number of people at risk of poverty or social exclusion by at least 15 million by 2030, in line with the 2021 Porto Declaration.[2]

Poverty rates across the EU are worrying. While the number of people at risk of poverty or social exclusion (AROPE) may have *slightly* decreased since the introduction of the EPSR, in 2024, there were still over 93 million people at risk of poverty and social exclusion, which corresponds to roughly 21% of the EU's population[3]. At the same time, according to the European Central Bank, in the first quarter of 2025, the top 5% of households within the euro area held 44.5% of total net wealth[4], while between March 2020 and November 2023, the five richest men in the EU increased their wealth by over 76%.[5] **Unequal distribution of wealth is one of the key systemic reasons for poverty alongside social exclusion and discrimination** based on gender, race, migrant status, age, disability, etc, and **lack of access to quality** employment, education, social services, energy, mobility and more.

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[1] Worker cooperative are democratically managed enterprises owned by the workers, with the aim to create and maintain sustainable jobs, improve the quality of life of the worker-members. Social cooperatives may focus on providing social services, particularly in areas where public authorities are unable to do so or contributing to the work integration of disadvantaged and marginalised people; they can be worker-owned or characterised by the multistakeholder governance. Cooperatives of autonomous workers (freelancers, self-employed) allow peers to mutualise risks and costs and combine autonomy with flexibility and security.

[2] https://employment-social-affairs.ec.europa.eu/policies-and-activities/european-pillar-social-rights-building-fairer-and-more-inclusive-european-union/european-pillar-social-rights-action-plan_en

[3] https://ec.europa.eu/eurostat/databrowser/view/ilc_peps01n__custom_18484325/default/table

[4] https://data.ecb.europa.eu/data/datasets/DWA/DWA.Q.I9.S14._Z._Z.NWA.T5.PT.S.N

[5] https://www.oxfam.org/en/press-releases/wealth-eus-five-richest-men-soars-almost-6-million-euros-every-hour-2020

Industrial and service **cooperatives are at the forefront of providing socially inclusive employment opportunities, providing support for the local economy and local community in which they are deeply embedded, and promoting the fair distribution of wealth**. The cooperative model is characterised by democratic governance and collective ownership. Cooperatives are based on values of self-responsibility, democracy, and solidarity, and are guided by the [seven cooperative principles](). Moreover, cooperatives prove time and time again that it is possible to be economically resilient without sacrificing social and environmental values. They foster more **inclusive work environments** that prioritise the wellbeing of their members and their communities. The cooperative model is also highly flexible: without leaving behind its principles and values of inclusivity and solidarity, the cooperative model has shown resilience through crises[6] and has successfully been adapted to new ways of work while addressing systemic inequalities to the best of their ability. The following cooperative responses to persisting challenges illustrate the added value of the cooperative model:

- Accessing services of general interest, particularly for vulnerable groups, is a key obstacle, which may even worsen due to underinvestment and austerity measures. **Social cooperatives** specialise in the provision of services of general interest, including social services, care, education, energy, transport waste management. Owned and controlled by the community members, they offer a community-based approach where members pool resources and democratically control the cooperative to meet their shared needs. These cooperatives are often established when there is a lack of available, affordable, or quality services in the area. Barriers to quality employment remain for people with disabilities and other disadvantaged groups. **Work integration social cooperatives** have as core mission to assist them in their reintegration in the labour market.[7]
- **Worker cooperatives** play a key role in fighting precarious work, work-based discrimination and in-work poverty. They provide equal opportunities and empower workers by giving them access to the ownership over the enterprise. They deliver stable, high-quality jobs by converting precarious or informal work into formal employment. Worth mentioning, every year across EU thousands of jobs are saved from disappearing through workers buyouts under the cooperative model[8].
- With the rise of the gig economy, the number of precarious jobs has proliferated, creating the precariat and normalising the concept of the 'working poor'. Cooperatives have developed replicable models to tackle these challenges:
    - Due to the increasing popularity of non-standard work, **cooperatives of autonomous workers** (freelancers, self-employed, etc) have been established, which offer access to social security, job stability through mutualised services, while at the same time they guarantee autonomy and flexibility.
    - As a response to the rise of the platform economy, **platform cooperatives** have been founded, where a sustainable, human-centred alternative is offered which allows

[6] More information: CECOP. 2025. Quality Jobs, the Cooperative Way. Available at: https://cecop.coop/uploads/file/Quality_Jobs_Report_.pdf p.6.

[7] More information: CECOP. 2025. Quality Jobs, the Cooperative Way. Available at: https://cecop.coop/uploads/file/Quality_Jobs_Report_.pdf p. 11.

[8] More information: CECOP, 2023, report from conference "Workers Buyouts - what is the cooperative key to success?"

workers to benefit form the advantages of the platform economy, while keeping a democratic oversight on the organisation of work, algorithmic management, and access and ownership of their data.

Cooperatives provide a holistic approach to eradicating poverty. As the UN Secretary General's 2025 report on 'Cooperatives in social development'[9] points out, "Cooperatives offer a compelling, community-driven solution to social, economic and environmental challenges", particularly in low-income communities where public services are often absent. Their "collective approach allows members to retain a greater share of the value they create, directly addressing local needs and reducing poverty".[10]

Taking into account the abovementioned reasons, the Anti-Poverty Strategy must:

1. **Recognise worker cooperatives as key partners in eradicating poverty.**

   Worker cooperatives are inclusive, democratically governed enterprises that empower their worker-members, including women, people with disabilities, and other vulnerable groups. They provide quality jobs that are rooted in the local community, safeguarding them from offshoring and relocation, and they contribute to the conversion of informal work to formal employment. Worker cooperatives also play a key role in fighting in-work poverty and workplace discrimination. Despite their proven resilience, economic and social impact, worker cooperatives are still facing a lack of recognition across Europe.

2. **Recognise social cooperatives as key partners in eradicating poverty.**

   Social cooperatives provide essential services in an accessible, affordable manner including to disadvantaged groups and in disadvantaged areas, and in particular, work integration social cooperatives contribute to the integration of those furthest from the labour market, while At the same time, their lack of visibility leads to limited policy recognition and the underutilization of their potential to contribute to the eradication of poverty.

3. **Ensure coherence with the Social Economy Action Plan.**

   In order to unlock its full potential, the Anti-Poverty Strategy must be coherent with the Social Economy Action Plan, which states that "the social economy can help implement the principles of the European Pillar for Social Rights and deliver on its 2021 Action Plan and the 2030 headline targets, for example the increase of the employment rate and the reduction of the number of people at risk of poverty and social exclusion."

[9] UN General Assembly. 2025. Cooperatives in social development – Report of the Secretary-General. Available at: https://docs.un.org/en/A/80/168

[10] UN General Assembly. 2025. Cooperatives in social development – Report of the Secretary-General. Available at: https://docs.un.org/en/A/80/168

4. **Provide targeted support to cooperatives to expand their training programmes.**

   Recognising the essential role of education and skills training in lifting people out of poverty, the Anti-Poverty Strategy should provide support for training programmes. Guided by Cooperative Principle 5, "Education, training, and information", cooperatives have an intrinsic commitment to providing training opportunities to their members, particularly in the framework of the twin digital and green transitions. However, in order to enhance their training programmes, they require specific, targeted financial support.

5. **Improve access to finance for cooperatives committed to eradicating poverty.**

   One of the key challenges that cooperatives face is lack of access to finance. The Anti-Poverty Strategy must recognise, that as key partner in the fight against poverty, cooperatives must be given fair access to finance, including in public procurement, state aid regulations, and EU-level funding instruments. Moreover, the next Multiannual Financial Framework (MFF) must guarantee dedicated funding for the social economy, including a stand-alone ESF+ and a reinforced InvestEU (SME window, Social Investment and Skills window).

6. **Reform tax policies to recognise the value cooperatives bring vis-à-vis the eradication of poverty.**

   Tax policy reform is needed to recognise the value of the cooperative model and their social mission through the recognition of its specific tax regimes within the European frameworks for tax harmonisation, e.g., making it possible for Member States to exempt retained profits allocated to indivisible reserves.

Poverty and inequalities will remain as long as we continue to celebrate profit as an end and not as a means to increase quality of life. At a time when the European union is focused on increasing its global competitiveness, it is essential that it does not forget about its citizens. Cooperatives have been successful in demonstrating that by putting people before profit, inequalities can be lessened, inclusive jobs and services can be provided, and thriving communities built on solidarity can be created.

CECOP is the European Confederation of Industrial and Service Cooperatives, representing approximately 43,000 cooperative enterprises, employing over 1.3 million workers, across 15 EU countries and the UK. The majority of cooperatives affiliated to CECOP's members are worker cooperatives (72%), which are democratically managed and owned by the workers, and social cooperatives (27%), whose core mission is the provision of social services and work integration of disadvantaged groups.