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Proposal for a

COUNCIL DECISION

relating to a multi-annual programme (1994-96) of work for
cooperatives, mutual societies, associations and foundations in the Community

(presented by the Commission)

EXPLANATORY MEMORANDUM

On 18 December 1989, the Commission approved a communication to the EC Council of Ministers on "Businesses in the "Economie Sociale" sector and Europe's frontier-free market"¹, calling for:

- support for cooperatives, mutual societies and associations in considering how to cope with the changes brought about by the frontier-free area;
- enterprises in the form of cooperatives, mutuals and associations to be given the same resources as all other firms to enable them to take advantage of the single market;
- cooperatives, mutuals and associations to be given the necessary instruments to facilitate closer cooperation.

In its communication, the Commission also undertook to present the Council with a programme of work based on the principle of subsidiarity.

This communication was presented to the "Internal market" Council on 21 December 1989.

The agreements on European Union, signed in Maastricht on 7 February 1992, stress the need for competitiveness. Together with economic and social cohesion and the growing international responsibilities of the Community, the need for competitiveness now underlies all Commission proposals, especially those concerned with small and medium-sized businesses. The majority of cooperatives, mutuals and associations are small and medium-sized enterprises or are at the service of SMEs. At any rate, all organisations in this sector, whatever their size or field of activity, now have close links with the traditional business world.

The new agreements also underline the importance, with regard to the objectives of Article 117 of the Treaty establishing the European Economic Community, of cooperation with associations and foundations as institutions responsible for social establishments and social services.

The declaration on promoting economic recovery in Europe² says that "recognising the importance of SMEs for creating employment and stimulating growth, the European Council called upon the Council and the Commission to ensure that the burdens from Community legislation on SMEs are reduced (including through the use of simplified schemes and exemption limits in the field of indirect taxation) and that full information about Community support is provided to SMEs. It asked the Commission to accelerate the actions in favour of SMEs which have proven their worth at the Community level".

¹ Communication from the Commission to the Council SEC(89) 2187 final.

² European Council, Edinburgh, 11-12 December 1992, conclusions of the Presidency, Annex 4 to Part A, point 8.

It is a fact that SMEs make a significant contribution to the European economy by dint of their important share of GDP, employment and regional and local development³.

The European Council in Edinburgh on 11 and 12 December 1992 adopted the broad lines suggested by the Commission and agreed on a significant effort to support growth in the Community.

In his speech to the European Parliament in February 1993, President Delors announced that the Commission would "consider the feasibility of a programme targeted at cooperatives, mutual societies, associations and foundations".

In his "guidelines for economic renewal in Europe" which he presented to the recent European Council in Copenhagen, President Delors emphasised the need for more active employment policies. The fact is that very many cooperatives, mutual societies and associations make an active contribution to creating jobs and ask for nothing more than the chance to increase their contribution, in both quantitative and qualitative terms.

Council Decision 93/379/EEC of 14 June 1993⁴ intensifies priority measures for enterprises regardless of sector of activity, size, legal structure or geographical situation, without however taking account of the specific features of cooperatives, mutuals and associations.

Cooperatives, mutuals and associations must be given the same chance as other enterprises to benefit from the opportunities arising from the single market and Economic and Monetary Union.

With a view to maintaining the diversity of the European economy, it is necessary to enable cooperatives, mutuals and associations - whether SMEs or at the service of SMEs - to survive and thrive in an enlarged and competitive market while complying with - or promoting - the principles of solidarity underlying their objectives and their form of organisation.

It is important in terms of promoting cooperation between these firms, with a view to maintaining and extending their activities, to create a framework which is stable, transparent and based on rules which place small businesses on the same footing as large firms and large business groupings.

The programme of work proposes an approach which takes account of the strong points (capacity for innovation and experimentation; vehicles of Community policies) and the special features of the sector.

³ According to the Commission's second report on "Enterprises in Europe", of the 11.6 million enterprises surveyed in 1988, 96.3% had fewer than 20 paid workers, 3.4% between 20 and 200 and fewer than 0.2% between 200 and 500, representing 70.2% of all jobs in the Community. This figure varies according to the geographical breakdown of enterprises, ISBN-92826-4609-2.

⁴ OJ L 161, 2.7.1993

Finally, it is important to remember that this sector is particularly skilled in the field of social innovation, i.e. a field which it is very much in the Community's interest to recognise, promote and utilise. This can be done all the more easily and effectively given that a large number of firms in this sector constitute essential vehicles for Community policies. Whether the problems be related to urbanisation, economic decline, job loss, the increasing financial uncertainty among substantial sections of the population or the management of human resources, these entities come up with solutions which offer potential for renewal and which they disseminate - often with the support of the public authorities - by way of the kind of networks in which they occupy a very significant position.

The present programme of work thus sets out to provide backing for cooperatives and mutual societies, associations and foundations in formulating a response to the dual challenge now facing the Community: economic development and social progress.

In addition, the promotion of SME cooperatives, mutuals and associations must be accompanied by specific measures enabling such organisations to improve their scope for transnational cooperation and to extend their presence on the market or strengthen their role for the achievement of Community objectives in a number of fields.

At the end of the period covered by this programme, the Commission will be in a position to evaluate Community policy on cooperatives, mutuals and associations, thus giving the Commission a further basis on which to map out the broad lines of its future policy.

The present programme for cooperatives, mutuals and associations thus aims to strengthen the kind of priority action fields capable of giving an immediate response to firms' adjustment needs in a period of uncertainty.

The general economic situation calls for a special effort for cooperatives and the like, on the grounds that they have a solid grass-roots base and their links with other Community policies will have a knock-on effect in terms of regional and/or local development.

PROPOSAL FOR A COUNCIL DECISION

of ...

relating to a multi-annual programme (1994-96) of work for
cooperatives, mutual societies, associations and foundations in the Community

(.../.../ EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission⁵,

Having regard to the opinion of the European Parliament⁶,

Having regard to the opinion of the Economic and Social Committee⁷,

1. Whereas on 28 July 1989 the Council adopted Decision 89/490/EEC on the improvement of the business environment and the promotion of the development of enterprises, and in particular small and medium-sized enterprises, in the Community⁸, as last revised by Council Decision 93/379/EEC of 14 June 1993⁹;
2. Whereas the Council, in its resolution of 17 June 1992 on Community action in support of enterprises, particularly cooperatives, mutuals and associations¹⁰, confirmed its undertaking to support the consolidation of action taken to help such enterprises;
3. Whereas, in this resolution, the Council recommended that the Commission should press ahead, having regard to the principle of subsidiarity, with the action necessary to create an environment favourable to the competitiveness of enterprises, with special reference to cooperatives, mutuals and associations, and to back up their integration into the internal market after 1992;
4. Whereas the Commission has submitted to the Council a communication on "Businesses in the "Economie Sociale" sector and Europe's frontier-free

5 OJ C ..., ..., p. ...
6 OJ C ..., ..., p. ...
7 OJ C ..., ..., p. ...
8 OJ L 239, 16.8.1989
9 OJ L ..., ...
10 OJ C ..., ...

market"¹¹ stating its intention to present a programme of work for this sector together with the appropriate proposals for its implementation;

5. Whereas the Commission has submitted to the Council a communication on enterprise policy for the Community, entitled "the enterprise dimension at the heart of European growth"¹², giving notice of a programme of work to back up the efforts made by enterprises in the "économie sociale" sector to cope with transitions brought about by the creation of a frontier-free area;
6. Whereas cooperatives, mutuals and associations occupy a significant place in economic activity in general and in the development of regions; whereas maintenance of the strengths and special features of the cooperatives, mutuals and associations sector will warrant a special effort in terms of analysis and optimisation, more particularly as regards:
 - its capacity for innovation and experimentation,
 - encouraging the utilisation by these enterprises of Community programmes specifically geared to enterprise development (the sector has a proven track-record in terms of networks and partnership arrangements and the mobilisation of operators and consumers),
 - its enhanced participation in the social dialogue and in the implementation of social cohesion policies, an area in which this sector has undeniable advantages;
7. Whereas the development of a Community policy for cooperatives, mutuals and associations, based on effective competition, is of major importance in terms of boosting the competitiveness of the European economy, job growth, economic and social cohesion in the Community, the further enlargement of the market after 1993, and the development of cooperation with certain non-member countries;
8. Whereas a substantial proportion of measures in favour of cooperatives, associations and mutuals are at Member State level; whereas Community measures will have to be designed to be complementary to such national measures;
9. Whereas it is therefore necessary to adopt a specific programme for a period of three years and to allocate sufficient resources to enable it to meet its objectives;
10. Whereas a committee of representatives of the Member States must be set up to assist the Commission in implementing the programme;
11. Whereas the Treaty does not provide, for the adoption of this Decision, powers other than those laid down in Article 235,

¹¹ SEC(89) 2187 final, 18.12.1989

¹² OJ C ..., ..., p ...

HAS DECIDED AS FOLLOWS:

Article 1

The enclosed programme for enterprises in the form of cooperatives, mutual societies and associations is hereby adopted from 1 January 1994, to run for a period of three years.

Article 2

The measures embraced by this programme must give the players in the sector easier access to Community resources.

Without wishing to take into consideration any indirect actions resulting from the application of certain Community policies, this action plan shall have the following objectives:

I. To promote, coordinate and strengthen measures adopted for cooperatives, mutuals, associations and foundations by:

A. strengthening the horizontal approach, more specifically by:

- conducting studies on the development of the sector in the Community;
- creating a favourable environment and evaluating the impact of Community policies;
- making arrangements for consultation;

B. providing support for specific action with a view to:

- encouraging opportunities for transnational cooperation, especially SMEs in the cooperatives, mutuals and associations sector, and the quest for new fields of activity by groups of partners;
- improving information;
- disseminating social innovation;
- strengthening the role of cooperatives, mutuals, associations and foundations as vehicles for Community policies;

II. strengthening activities in favour of cooperatives, mutuals, associations and foundations within other policies by:

- developing Community statistics and compiling data on the basis of surveys conducted within the sector;
- providing training back-up;
- encouraging the development of R&D.

Article 3

1. In order to achieve the objectives laid down in Articles 1 and 2, insofar as they cannot be better achieved by the Member States, the Commission shall take the measures set out in the annex.
2. The procedure laid down in Article 4 shall be followed for adopting measures relating to:
 - the adoption, experimental implementation or extension of the necessary projects devised for the application of this Decision,
 - the content and timetable of, and financial assistance for, measures and calls for proposals.
3. The committee referred to in Article 4 may examine any other matters concerning the programme.

Article 4

A committee shall be set up, attached to the Commission, composed of the representatives of the Member States and chaired by the representative of the Commission.

The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority stipulated in Article 148(2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the committee shall be weighted in the manner set out in that Article. The chairman shall not vote.

The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the committee, they shall be communicated by the Commission to the Council forthwith. In that event, the Commission shall defer application of the measures which it has decided for a period of two months from the date of communication.

The Council, acting by a qualified majority, may take a different decision within the time limit referred to in the previous paragraph.

Article 5

The Commission shall submit to the European Parliament, the Council and the Economic and Social Committee, not later than the middle of 1996, an evaluation report on the implementation of this Decision, including a cost-effectiveness evaluation, and any proposals which it deems it necessary in the light of the evaluations effected.

The Commission shall also submit to the European Parliament, the Council and the Economic and Social Committee a report on coordination between the different programmes which are not covered by this Decision, but which are manifestly in the interests of cooperatives, mutuels and associations, and a report on the initiatives taken in pursuance of this Decision.

Article 6

1. This Decision shall enter into force on 1 January 1994 and shall cover the period up to 31 December 1996.

2. The budgetary authority shall determine the appropriations available for each financial year in accordance with the principles of good management referred to in Article 2 of the Financial Regulation applicable to the general budget of the European Communities.

Done at Brussels,

For the Council

PROGRAMME OF WORK TO ASSIST COOPERATIVES, MUTUALS, ASSOCIATIONS AND FOUNDATIONS

I INTRODUCTION

In its communication to the Council concerning "Businesses in the "Economie Sociale" sector: Europe's frontier-free market"¹³, the Commission set out its objectives for future action on behalf of cooperatives, mutual and associations, informing the Council of its intention to put forward a work programme that respected the principle of subsidiarity and to make the appropriate proposals for its implementation.

A. The economic and social significance of the field

Cooperatives, mutual, associations and foundations are not only to be found in all branches of the economy but they are also extremely diverse in terms of size (workforce and turnover), field of activity and location.

These enterprises - some of which are national, European or event international leaders in their own fields - represent in particular:

- 20% of European savings;
- two-thirds of the marketing and processing of agricultural produce in the EC;
- more than 100 million members of insurance and health-care mutuals;
- 60 million members and 3 million jobs in the cooperative sector alone.

Within the banking sector, for example, five European cooperative banks are among the world's 50 largest banks. Some of the largest purchasing and distribution centres are run on cooperative lines. Moreover, member-managed associations dominate such fields as low-cost tourism and accommodation, health and social protection, fields in which these enterprises combine competitiveness with their social role.

In addition, this sector is a blend of tradition and modernity, given that "entrepreneurial" forms of association are spreading through such different

¹³

Communication from the Commission to the Council "Businesses in the "Economie Sociale" sector: Europe's frontier-free market" SEC(89) 2187 final.

sectors as crafts and the software industry, where flexibility and both organisational and technical innovation are key imperatives.

Finally, this sector features entities of widely differing size; not all would qualify as SMEs. The significance of these enterprises does, however, vary from one region of the Community to another, depending on the history and/or culture of these countries. In certain countries some activities cannot be carried out by a cooperative, mutual or association. This applies to pharmacies in at least six countries. Member States vary in the role they attribute these enterprises in their efforts to achieve economic and social development.

The significance of cooperatives, mutual, associations and foundations is not just a matter of their economic importance.

There is also the social and cultural dimension of these companies which profoundly influences the way changes affect European society.

These enterprises are characterised by the implementation of specific organisational and production techniques drawn from the principles of economic democracy.

This type of enterprise is directly involved in local development of employment and in combating unemployment.

Given that they have often been established for social reasons, such enterprises are run in accordance with the principles of participation (particularly the rule of "one man, one vote") and solidarity between members, producers, users and consumers.

What makes these organisations different is essentially the stressing of the following principles:

- primacy of the individual over capital;
- development of the individual (through training and culture);
- free association;
- democratic management;
- values of autonomy and citizenship.

At the Community level, these enterprises can follow two (not mutually exclusive) paths:

- increasing their activities at the European level in their main fields of operation, particularly by concentration, diversification or specialisation in activities or products;
- seeking new fields of activity and new markets among groups of partners, in response to completion of the Single Market and Economic and Monetary Union.

Although they operate under specific legal structures, cooperatives, mutual, foundations and associations are therefore full members of the trading sector, complementing to a certain extent traditionally-structured enterprises. In some countries, this trend is boosted by legislative reform of these sectors permitting increasingly pronounced adaptation to market forces.

B. Trends affecting cooperatives, mutuals, associations and foundations

The profound changes affecting European society cannot be viewed only in technical and economic terms (although this aspect is indisputable); they bring about a process of innovation and development in all sectors of human activity.

Cooperatives, mutuals and associations/foundations are particularly skilled in providing social-support measures for technological development and in drawing up strategies to respond to the social requirements of modern citizenship and economic democracy (e.g. provision of jobs for disadvantaged categories). A number of enterprises in this sector are already, or are about to become, key vehicles for the implementation of Community policies. Mutuals, for example, are both able and keen to make a vital contribution to Community policies on the mobility of persons and social protection (pension plans and supplementary social-security arrangements). Cooperative banks have become the major regional intermediaries for Community funds (ESF, ERDF, EAGGF).

Whether in the context of urbanisation phenomena, the economic decline of certain regions and the loss of jobs, increasing financial uncertainty among major sections of the population or the management of human resources in companies, these bodies develop solutions for a form of renewal which then spreads through their networks, often with the support of government.

Given their SME status, and their basic principles of solidarity and participation, cooperatives, mutuals and associations (especially small or medium sized ones) have indeed very close links with the area in which they operate.

Jobs generated by these membership companies are therefore strongly anchored in the area in which the enterprise was established and are not subject to risks such as the relocation or selective closure of production units.

In addition, and to the benefit of long-term employment, these economic entities also play a role in initiating and training people in the enterprise culture.

Cooperatives, mutuals, and associations/foundations are already actively involved in the implementation of a range of Community policies. But the full potential of associations has by no means been tapped. In order to allow the Commission to intervene more effectively on behalf of these enterprises, it would be advisable to upgrade their role, thus in turn stimulating economic and social cohesion, particularly in Objective 1, 2 and 5b regions.

In implementing these policies, the Community must much more effectively and extensively take into account, and (in terms of its own internal organisational structure) be influenced by, the link with the population at large and the enterprise networks set up by these bodies.

As with all enterprises, these are obliged to assume or achieve a European dimension in order to survive and develop, whether by mergers, taking over sections of markets, investment in new technologies or transnational operation: all options requiring equity or semi-equity funding.

Nevertheless, and although they represent 20% of European savings, they tend to be looked down on by the traditional financial world, if only because they do not have the maximisation of profit as the sole objective of their activities and instead also take into account society's interest as a whole, job creation and solidarity.

This situation regularly requires them to change their legal status in order to get access to funding, particularly long-term funding and risk or semi risk capital, as soon as they wish to undertake development programmes with an element of risk or requiring major investment.

II. COMMUNITY PLAN OF WORK TO ASSIST COOPERATIVE, MUTUALS, ASSOCIATIONS AND FOUNDATIONS

In undertaking initiatives in this sector, the Commission's principal objective has always been to allow cooperatives, mutuals, associations and foundations to benefit from the advantages of the Single Market and Economic and Monetary Union in complete equality with other economic agents, being neither advantaged nor disadvantaged.

The cooperatives, mutuals, associations and foundations sector is heterogeneous and relatively unstructured. Its "grass roots" status means that it is not well known, particularly in certain Member States. These aspects often lead to its needs being insufficiently considered when drafting or implementing the legislation setting out Community programmes.

Moreover, enterprises in this sector, many of them SMEs, are normally regionally or locally based, and thus tend to be limited in their scope for transnational cooperation. Here, the Community can play an intermediary and enhancement role assisting the transfer from one Member State to another of the methods successfully used by these bodies in the economic and/or social field and of the experience gained.

Finally, the various networks of cooperatives, mutuals, associations and foundations could be better mobilised for the implementation of Community action. The sector's ability to create networks ensures that the Commission will become involved at the European level only where there is no effective alternative at national, regional and local level.

All possibilities for interaction will be mobilised in the multi-annual programme (1993-96) to assist SMEs¹⁴. The measures embraced by this programme will be concentrated on SMEs in the cooperative, mutuals and associations sector and should give these players easier access to Community resources. They should also assist the integration of national association networks in the European area.

This action plan, without wishing to take into consideration indirect actions arising from the application of certain Community policies, thus has the following objectives:

I. To promote, coordinate and strengthen measures adopted for cooperatives, mutuals, associations and foundations by:

A. strengthening the horizontal approach, more specifically by:

- conducting studies on the development of the sector in the Community;

- creating a favourable environment and evaluating the impact of Community policies;
- making arrangements for consultation;

B. providing support for specific action with a view to:

- encouraging opportunities for transnational cooperation and the quest for new fields of activity between groups of partners;
- improving information;
- disseminating social innovation;
- strengthening the role of cooperatives, mutuels, associations and foundations as vehicles for Community policies;

II. strengthening activities in favour of cooperatives, mutuels, associations and foundations within other policies by:

- developing Community statistics and compiling data on the basis of surveys conducted within the sector;
- providing training back-up;
- encouraging the development of R&D.

A. PROMOTING, COORDINATING AND STRENGTHENING MEASURES FOR COOPERATIVES, MUTUALS, ASSOCIATIONS AND FOUNDATIONS

1. Strengthening the horizontal approach

a) Studies on the development of the sector in the Community

A programme of studies and forecasts will provide the necessary information to identify the major trends in the development of cooperatives, mutuels, associations and foundations, both in general terms and with regard to individual activities.

These major trends arise from the processes inherent to the market economy in which the cooperatives, mutuels and associations/foundations are operating, the processes of technological development and those associated with European integration. On the one hand, this requires ever greater concentration of production and capital and increasingly centralised management. This in turn emphasises professionalism and a level of qualifications which comes to outweigh the initial importance of the ideological commitment. The enterprises in this sector find adjustment to this new situation a considerable strain. On the other hand, technological and social change, and the processes of economic internationalisation generate new opportunities for cooperatives, mutuels and associations/foundations, as well as reviving the emphasis on small production

units, widening the scope for mutually-profitable cooperation and setting out the new needs to be met by associations. At the same time, the Commission has published in the 1991/1992 edition of "Panorama of EEC Industry", a macro-economic analysis of the cooperative, association and mutual sector. The next edition of "Panorama" will include a section examining the problems of competitiveness in this sector.

More than any other type of body, associations are close to the specific needs of citizens and are thus able to respond effectively to very varied expectations and requirements. This is the justification for stepping up knowledge in the sector.

The diversity of this sector in terms of the activities undertaken (all social and economic activities: health, social, training, occupational associations, education, sport, leisure, tourism, environment, habitat, protection of heritage, etc.) and their size, tax status, monitoring system and mode of operation in the twelve Member States justify the taking of some kind of inventory of this form of initiative.

In order to take account of this diversity which concerns not only Europe's economy but also the citizens' Europe, and especially to inform all those involved in the cooperative, mutual and association sector, as well as the various institutions concerned, draft white papers were drawn up in 1992 (associations) and in 1993 (mutuals and cooperatives). Their goal was to identify how the opening up of the Single Market has affected certain key aspects of the life of associations, foundations, mutuals and cooperatives.

This task cannot be successfully completed without the participation of those professionally and otherwise involved in the sector. Two questionnaires have therefore been drafted and sent, respectively, to the most representative associations and to the ministries of the twelve Member States, asking them to:

- supply basic information;

- inform Commission staff of their concerns and expectations in the light of the completion of the Single Market.

After processing these questionnaires, and consulting other services involved, it is planned to contact the Ministries and the most representative associations directly (a process due to continue until 1994). The White Paper will make it possible to better define future approaches for work on behalf of associations and foundations, while respecting the principle of subsidiarity.

A similar approach will be adopted for mutuals and cooperatives.

b) *Creating a favourable environment and evaluating the impact of Community policies*

Legal and tax provisions, the availability of funding and cultural attitudes are in general the aspects which determine the economic environment. Although attempts to improve this environment must therefore cover a wide range of policies, the common principle must be to reduce the constraints on companies.

This may be done by a further opening up of markets and by ensuring that any regulatory provisions which are required can be applied without hampering companies.

The work programme must include:

- an examination of the impact of Community measures already in force and those being drafted on cooperatives, mutuals, associations and foundations; in particular, preparing these bodies to make the best possible use of future European legislation;
- examination of hindrances in national legislation to cooperation at Community level;
- a study of conditions favouring various kinds of transnational cooperation between this type of enterprise.

c) Consultation arrangements

Cooperatives, mutuals, associations and foundations are aware of the needs and challenges encountered by companies in these sectors as a result of the completion of the Single Market and of Economic and Monetary Union. Following on from the three European conferences at Paris, Rome and Lisbon, closer ties have been formed between cooperatives, mutuals and associations so that they have been able to share more extensive discussions on specific topics.

Moreover, to facilitate this exchange and discussions on future Community policy and on the work programme, and in accordance with the guidelines set out at the Lisbon conference, representative bodies at European level have been asked to form a permanent body bringing together cooperatives, mutuals, associations and foundations, on the one hand, and the Community institutions, on the other.

This organisation must comprise people particularly representative of the three sectors if it is to really work.

2. *Support for specific action to assist cooperatives, mutuals, associations and foundations in the Community*

a) Encouraging transnational cooperation by groups of partners in the search for new activities

The aim of this programme cannot be restricted to analysing the current situation and the prospects for this sector, particularly in economic terms. For a number of years now, mutuals, cooperatives, foundations and associations have been aware of the need for cross-border cooperation as an effective way for companies, particularly small and medium-sized ones, to adapt to the changes associated with the creation of the Single Market and Economic and Monetary Union, without excessive risk of damaging the economic and social fabric.

Up until the Single Act, the international contacts of many organisations within the sector were limited to their participation on institutional representative bodies, basically

taking up positions designed to defend shared general interests and action to show solidarity. At the time of the Single Act, which made these organisations suddenly more aware of the situation, most adopted a rather defensive attitude of preserving "acquired rights" and demanding special treatment. For a number of years now, however, these demands for "specific treatment" are accompanied by a dual desire to resist competition on the national market and to compete in third markets or, more accurately, to improve the company's existing share of the Single Market.

There have been experiments at national or regional level of cooperation between cooperatives which could be transferred to other countries or regions in order to meet similar needs or to provide appropriate solutions to their socio-economic problems. For example:

- the grouping together of cooperatives within a single sector or complementary sectors allows SMEs not only to operate better amid general business competition but also to have access to public procurement contracts from which they would otherwise be excluded;
- merging activities in the final stage of agricultural production could make it possible for cooperatives to benefit from the advantages of the Single Market by spacing out over time the use of complementary marketing structures for agricultural products;
- expert systems (knowledge-based systems) developed in common at Community level would give cooperatives powerful management tools based on their own specific experience.

A number of obstacles still hamper the development of cooperation within this sector. A partial list includes: the size and very localised nature of certain enterprises within the sector, information and training, access to capital, to the major markets and to advanced technologies, the difficulty of identifying strategic market niches in order to act together to create new activities and to draw up truly European development strategies, "vertical" divisions in cooperation initiatives (banks cooperating with banks, mutuels with mutuels, ...) and finally the identification of trustworthy partners and the absence of a completely satisfactory legal framework.

One of the goals of the work programme is therefore also to make it possible for cooperatives, mutuels, associations and foundations to benefit from the Single Market, in particular by developing transnational cooperation. Particular attention will be paid to schemes involving collaboration and partnership between economic entities of different sizes. The accent will be placed on exchange and communication of recommended practices. In doing so, the most highly structured organisations in economic terms should be able to give all Community enterprises the benefit of their strengths in terms of competitiveness, whereas those currently less developed should become more competitive. Finally, the Commission will give particular attention to those instances of cooperation fitting in with Community policies.

Pilot schemes could be planned to get around obstacles to transnational cooperation. One example might be to supply intermediary services for small enterprises in the sector wishing to enter into transnational cooperation.

b) Better information

In order to give cooperatives, mutuals, associations and foundations the same access to Community information as SMEs, the Commission has supported the creation of an information network for these bodies linked to the Euro Info Centres (EIC) network in order to make it possible for them to:

- seek partners, establish joint ventures, buy or sell companies or any other operation they might wish to engage in;
- obtain information on policies or on the legislation or procedures of other relevant countries.

c) Dissemination of social innovation

Innovation is a comprehensive development process involving far more than the technical and economic dimension alone. It parallels technological development and makes it possible to draw up strategies to respond to social requirements (finding jobs for disadvantaged categories).

Cooperatives, mutuals and associations have particular skills in this field which the entire Community can only benefit from recognising, promoting and using.

On the basis of an initial fact-finding stage, the programme will therefore give great emphasis to exploiting the capital these companies can provide in terms of experience and innovative capacity. The programme thus aims to encourage the exchange at European level of models, experience and good practice. It must also seek appropriate conditions and resources to reproduce and disseminate these innovations as widely as possible.

In the health sector, for example, sickness insurance is handled by mutuals or cooperatives and they also sell or produce health products (pharmacies, hospitals, etc), while associations provide services such as health-care and transport for patients.

Coordination and cooperation is inadequate, particularly in the field of supplementary insurance where such bodies can play a key role.

With regards to the associations and foundations sector, existing European networks have already provided, sometimes for a matter of decades, a channel for national and even local experience. Nevertheless, efforts should continue to be made to encourage mutual understanding so that these structures can become stronger and steadily more effective in their work on behalf of the European citizen.

d) Strengthening the role of cooperatives, mutuals, associations and foundations as vehicles of Community policies

Cooperatives, mutuals, associations and foundations are already actively involved in implementing a range of Community policies. In order to interlink these measures so that action by the Commission on behalf of these companies can be effective, these schemes should be fully exploited. Moreover, the Commission pays particular

attention to instances of cooperation under Community policies which offer particularly effective scope for dissemination of the most worthwhile techniques.

Encouraging cooperation and partnership between companies, particularly small and medium-sized ones, is an effective way of helping them to adapt the changes associated with the creation of the Single Market and Economic and Monetary Union without overly endangering the economic and social fabric.

In general, the cooperative, mutual, foundation and associations sector plays a key role in strengthening economic and social cohesion because it is often better able to exploit local resources and also to make an appropriate response to new requirements. This type of enterprise can accordingly supply the necessary stimulus to endogenous development of hard-hit regions and sectors in at the same time supplying the social services best meeting the needs of the population. Existing Community regulations already provide for different forms of support for cooperatives, mutuals, associations and foundations through the Structural Funds (ERDF, EAGGF Guidance, ESF), as well as through certain integrated programmes (IMP, IDO, PEDIP) and specific schemes (RESIDER, RENAVAL).

Attempts to render the work of the Structural Funds more effective makes it all the more necessary to establish a true partnership with the sector both for the drafting of these programmes and their monitoring and assessment. This is a prerequisite for achieving a better balance of needs and resources, particularly in encouraging the release by national governments of their own contributions to the implementation of the programmes.

The partnership with cooperatives, mutuals and associations is also a necessary condition for the Community to play its role effectively among the various organisations involved. As an initial step, the work programme must check the extent to which Community funding already available to cooperatives, associations, foundations and mutuals is actually being used. The next stage will be to examine existing regulations to see to what extent these companies can be given better access to Community resources.

On the one hand, action by the Commission strengthens innovation in cooperatives, mutuals and associations by aiding projects of recognised value in their fields; at the same time, the Commission serves as a sounding board at Community level for such projects. A local initiative in a village of the Massif Central can thus become a model for a rural project in Ireland. The irreplaceable role played by the Community in the dissemination of information acquired through the projects it supports is apparent from the very large number of requests for information and the abundant replies received when a questionnaire was sent about associations in the Member States.

Boosted by these information and support activities, these projects themselves are learning to operate as part of a European partnership. A number of European programmes provide them with considerable support in this regard.

Nevertheless, in order to cope with the undercapitalisation which is a feature of many enterprises in this sector, a new partnership will have to be formed between national

and Community authorities, the financial institutions (banks and insurance) and enterprises.

The "cooperatives" unit seeks to identify innovative projects, to publicise them and to stimulate cooperation between them.

B. STRENGTHENING ACTION WITHIN OTHER POLICY AREAS

1. *Developing Community statistics*

Across the twelve Member States, information about the cooperatives, mutuals, foundations and associations sector is patchy and uneven.

Research must be carried out in order to better understand the situation in the sector and to obtain harmonised and regularly updated statistical data. This survey forms part of other work in the statistical programme implemented by the Commission and designed, in particular, to achieve:

- a better overview of private non-commercial activities so as to enhance the accuracy and harmonisation of Member States' GNP measurement, given that such activities comprise a significant proportion of some countries' GNP;
- the development of statistics for services in sectors not yet possessing adequate means of data collection.

The Commission has already begun work to improve the statistical coverage in this field. EUROSTAT, the European Statistical Office, has undertaken initial work to upgrade national statistics.

In addition, sectoral statistical surveys will be carried out to compile indicators specific to this field. These are in association with work to develop a methodology whereby cooperatives, mutuals and associations can be presented as a specific sector to be monitored as part of a (harmonised) separate statistical series.

2. *Supporting training*

Cooperatives, mutuals, associations and foundations have to cope with extensive changes involving a concentration of resources, a remorseless increase in technical and management commitments and a need for greater professionalism on the part of managers.

Personnel training therefore becomes a priority so that enterprises are in a position to participate in Europe-wide groups and/or partnerships in order to meet new competition and to enhance the reliability and quality of their industrial products and services, while yet remaining faithful to the primary aim of membership solidarity and responsibility.

The Structural Funds and specific training programmes established by the Commission (e.g. COMETT, FORCE, LINGUA) do in general meet the various needs in this field.

However, the work programme must make it possible to:

- check that existing training programmes are used by cooperatives, associations and mutuals. In particular, it is necessary to ensure that groups are functioning smoothly enough to participate in these programmes;
- carry out pilot training schemes based on the specific needs of this type of company where people are not only members but also part of management;
- training the management of cooperatives, mutuals, associations and foundations in the key issues of this European partnership;
- training the management of professional bodies;
- exchanges of management and technical personnel between these enterprises.

These must be model schemes capable of deployment in a range of Member States. The transfer of methods and tools developed in this way in the SME sector will also be encouraged.

3. *Encouraging the development of R & D*

As SMEs founded on the principles of solidarity and participation, cooperatives, mutuals, associations and foundations generally find it more difficult to participate in R & D programmes. The administrative costs involved in participation and cooperation in these programmes are often relatively high for this kind of company, particularly because they do not always have access to long-term funding.

The work programme should create conditions encouraging cooperatives, mutuals, associations and foundations to become involved in the R & D process in general and in R & D programmes already receiving Community funding.

In this context, steps should be taken to ensure that this kind of company has access to advanced management, evaluation and organisation systems.

To be accepted, pilot schemes must meet the three essential criteria of:

- being innovative;
- being capable of deployment in all Member States or to be operating in at least three Member States;
- having a "multiplier effect" for the sector.

III. FINANCIAL IMPLICATIONS OF THE PROGRAMME FOR COOPERATIVES, MUTUALS AND ASSOCIATIONS

This programme, scheduled to run for three years, extends and enlarges earlier measures taken either in the context of various policies or by the Commission under its enterprise policy, whereby the Community had already demonstrated its intention to make a contribution, subject to its powers and resources, to the development and integration of cooperatives, mutuals and associations in a unified market.

This programme adopts a similar approach, but is politically more ambitious, despite the fact that the available resources remain extremely modest, with an estimated budget of ECU 5.6 million over three years.

It is ambitious in that, being based on a rigorous and systematic knowledge of the sector, it sets out to present a formalised framework for Community action. The strengthened horizontal approach and the implementation of specific measures will be based on a quest for innovative strategies, for partnership and networking arrangements, and for transnational dynamics.

In this respect, the budget heading B5-3210 "Economie Sociale" must be viewed first and foremost as consolidating the general SME heading B5-3200, which in the past was used very largely to fund initiatives taken by undertakings in this sector. Secondly, the budget funds must be used to integrate the funding of measures, projects, research and studies conducted under other policies, with a view to supporting an approach which properly reflects the special nature of the cooperatives, mutuals and associations sector.

IV. INDIRECT ACTION RESULTING FROM THE APPLICATION OF CERTAIN COMMUNITY POLICIES

Other than enterprise policy, a number of Community policies affect cooperatives, mutuals, associations and foundations. These are primarily regional policy, consumer protection, fisheries policies, policy on agriculture and the development of rural areas, business policy, research policy, environmental policy, social policy, development policy, education and training policy and, much more recently, health and safety policies.

Finally, a major part of the cooperatives and mutuals sector is directly involved in the creation of the single market for financial services. This is particularly the case for cooperative banks and insurance mutuals and cooperatives.

It is nevertheless difficult to identify precisely how much cooperatives, mutuals, associations and foundations participate in these Community policies. At national, regional and local level, however, many associations and cooperatives, and certain mutuals and foundations, participate in the implementation of Community policies designed to reduce inequalities between regions. Their role in this context has been sufficiently stressed in two resolutions of the European Parliament¹⁵ and in an own-initiative opinion of the ESC¹⁶ which called for involving cooperatives, mutuals, associations and foundations in the drafting of Community plans and operational programmes.

¹⁵ OJ C 128 of 16 May 1983, p. 51 (report I-849/82)
OJ C 246 of 14 September 1987.

¹⁶ Own initiative opinion of the Economic and Social Committee on "The contribution of the cooperative sector to regional development", 19.10.1989.

1 Enterprise policy

In general, the Commission's enterprise policy makes information, cooperation, funding and training tools available to cooperatives, mutuals, associations and foundations, most of which are SMEs or serve SMEs. The procedure for evaluating the impact of measures proposed by the Commission makes it possible, using certain kinds of consultation, to assess their potential effects on these enterprises.

With particular regard to EIB loans, especially those to SMEs, it should be noted that a number of cooperative banks are recognised by the European Investment Bank as intermediaries.

With a view to involving people and organisations from all over Europe in the work of building Europe, by giving them access to information at European level, the Commission has lent its support to the creation of information centres specially geared to the needs of firms and organisations in this sector.

2 Policy on development of cooperation with non-member countries

Cooperatives, associations and mutuals form a significant proportion of the economy of the countries in the European economic area. Enterprises in this sector will have a key role to play in the cooperation which will accompany the implementation of agreements with the European Community.

The economic system imposed for more than 40 years on the countries of Central and Eastern Europe has suffocated even the basic principles of enterprises in this sector - particularly cooperatives - to the point where they have been discredited in the eyes of both producers and consumers: the state has displaced the individual, free association has disappeared and bureaucratic management has dominated companies.

Information, training and the stimulation of cooperation and partnerships will contribute to consolidating economic democracy in Eastern Europe and to developing the European Economic Area.

The Community makes extensive efforts to contribute to the development of southern countries which have cooperation agreements with the Community.

The principles of solidarity and participation which underpin cooperatives, associations and mutuals automatically contribute to the creation of an environment favouring economic and social development.

As far as the ACP countries are concerned, promotion of cooperatives and other associations is called for under the Lomé Convention and more particularly under the heading of decentralised cooperation.

3 Consumer policy

A significant number of cooperatives, associations, mutuals and foundations have arisen out of consumer groups. In this context, and in some cases since 1962, they are closely associated with the drafting of Community policy on consumer protection.

As representative European organisations, EUROCOOP¹⁷, COFACE¹⁸, ETUC¹⁹ and EBCU²⁰ are represented on the CCC²¹ set up by the Commission to seek the opinion of consumer organisations on Commission initiatives directly or indirectly affecting consumer interests, as well as on many other advisory committees, particularly those referring to agricultural and fisheries policies.

4 *Agriculture policy*

COPA²² and COGECA²³ have always been essential discussion partners for the Commission when it comes to the Common Agricultural Policy; cooperatives and producers associations are characteristic features of the agricultural sector in the Member States.

Cooperatives, mutuals and associations have played a vital role in the development of agricultural and rural life in the European Community.

Cooperatives have an important role not only in the processing and/or marketing of agricultural products but also in funding farms. The economic development of the agricultural sector has been buttressed by health and insurance mutual societies or cooperatives providing capital.

Less known in general has been the role of associations not only in training and the publicising and dissemination of knowledge but also in concentrating supply and establishing production standards.

On the eve of the creation of the Single Market and of Economic and Monetary Union, agricultural enterprises must be able to develop within this economic area so as to cope with profound changes, both economic and sociological, and thus benefit from their effects.

In this regard, particular attention must be paid to cooperatives, mutuals and associations within the agricultural sector, particularly in respect of:

- training of both associate members of these structures and workers;
- the requirements of transnational cooperation arrangements;
- financial needs.

5 *Fisheries policy*

Cooperatives, associations and mutuals play an important role in the fisheries sector.

17 European Organisation of Consumer Cooperatives.
18 European Community Confederation of Family Organisations
19 European Trade Union Confederation
20 European Bureau of Consumers' Unions
21 Consumers Consultative Committee
22 Committee of agricultural organisations in the EEC.
23 General Committee for Agricultural Cooperation in the EEC.

This sector is currently faced by a serious over-capacity problem and a series of measures have been adopted by the Commission to speed up the rate at which the capacity of the Community fishing fleet is being reduced. These measures require the implementation of such socio-economic "support measures" as:

- economic restructuring in order to generate alternative employment;
- social measures (vocational training, early retirement, etc.).

Planned action includes in particular carrying out regional socio-economic studies and launching pilot schemes.

6 *Social policy*

Since the early 1980s, when the Commission observed that there were increasing numbers of cooperative enterprises whereas other enterprises were going out of business, it has specifically recognised the role that cooperatives could play in maintaining and creating jobs. In its communications to the Council concerning the problems of employment and unemployment, the Commission has since that time stressed the importance of the cooperative movement while recommending appropriate stimulation measures. In response to one of these communications, the Council Resolution of 7 June 1984 concerning contribution of local initiatives to creating employment and combating unemployment has encouraged policy approaches to help cooperatives and similar undertakings.

At the present time, the Community action programmes LEDA and ERGO, concerning local employment development and action to help the long-term unemployed respectively, involve cooperatives, mutuals, associations and foundations in their activities to the greatest possible extent.

Educational and social cooperatives, associations for training and on-going education in particular, and indeed all enterprises in the cooperative sector in terms of the efforts they make to train their delegates and workers, are very active participants in Community education and training policy. Some organisations manage operational programmes supported by the European Social Fund. Cooperatives, mutuals, associations and foundations are involved in implementing such programmes and initiatives as Force, Euroform, Now and Horizon. Some programmes, particularly those involving training and the establishment of enterprises for young people or for women, specifically refer to cooperatives.

7 *Cultural policy*

Cultural policy is to a very large extent run by associations and foundations. In the past, for example, they have striven to obtain recognition of the rights of workers involved in cultural activities.

Cooperatives, associations and foundations will play an important role in the implementation of European cultural policy in accordance with the Maastricht agreements, particularly in the preservation of Europe's cultural heritage, the development of non-commercial cultural exchanges and artistic and literary creativity, including the audio-visual sector. In addition, cooperatives and associations offering

their membership inexpensive travel arrangements can make an effective contribution to exchanges in this sector.

8 *Health policy*

This will also be true of health policy. Those involved in this new policy will be particularly social-welfare mutuals, those reimbursing their members for medication and associations and foundations working in the health sector. Involved on behalf of this sector in the consultations between management and workforce, these enterprises are affected by all European legislation on health, social protection, medication, health education and consumer protection.

9 *R & D policy and structural policy*

R & D programmes are open to participation by cooperatives, mutuals and associations/foundations. This is essential if the competitiveness of these enterprises is to be enhanced during the current era of economic change in European society. In addition, the policy of the Structural Funds is designed to mobilise those economic and social organisations firmly established "on the ground" and whose involvement will have a more powerful "knock-on" effect in regional and/or local development.

10 *Development policy*

In order to carry out its development policy, the Commission has always worked closely with non-governmental organisations (NGOs). Particularly under the budget heading of micro-projects, NGOs have been involved in implementing schemes in the ACP countries. In accordance with the most recent Lomé Convention, cooperatives and local NGOs are the main channels for development policy covering their countries. In the Trivelli Resolution, the European Parliament also emphasised the important role played by cooperatives in this field.

11 *Environment policy*

For many years now, members of this sector, more especially the environmentalist associations, have been involved in a range of Community policies designed to protect the environment in Europe. They are also active in promoting sustainable development and environmental issues.

V. CONCLUSIONS

The enterprise operated by cooperatives, mutuels and associations must be made as capable as other companies of benefiting from the opportunities arising out of the creation of the frontierless Single Market and from Economic and Monetary Union.

In order to maintain the diversity of the European economy, such cooperatives, mutuels and associations (either SMEs or serving SMEs) must be able to continue to exist and to develop in a larger and competitive market while respecting - and even encouraging - the principles of solidarity expressed in their aims or form of organisation.

It is accordingly important that the promotion of cooperation between these companies so as to maintain and extend their activities should take place in a context which is stable, transparent and based on rules which set small companies on an equal footing with large ones and the major business groupings.

This work programme is therefore designed to assist cooperatives, mutuels, associations and foundations in determining their response to the twin goals of the Community: economic development and the achievement of social progress.

Moreover, the promotion of SMEs that are cooperatives, mutuels or associations must be accompanied by the implementation of specific measures to improve their scope for transnational cooperation in order to expand their presence on the market or to strengthen their role in achieving Community objectives in a certain number of fields.

In addition, on expiry of the period covered by this programme to assist cooperatives, mutuels and associations, the Commission could assess Community policy for the companies in question in order to have additional information on which to base future approaches.

FINANCIAL STATEMENT

1. *Title of operation*

Programme of work for cooperatives, mutual societies, associations and foundations.

2. *Budget headings involved in the past:*

B5-3200 (in 1991: ECU 0.030 million in commitment appropriations and ECU 0.030 million in payment appropriations; in 1992: ECU 0.100 million in commitment appropriations and ECU 0.450 million in payment appropriations; in 1993: ECU 0.200 million in commitment appropriations and ECU 0.200 million in payment appropriations) for stimulating enterprises (particularly small and medium-sized enterprises)

B5-3210 (in 1991: ECU 1.200 million in commitment appropriations and ECU 1.200 million in payment appropriations; in 1992: ECU 0.820 million in commitment appropriations and ECU 0.820 million in payment appropriations; in 1993: ECU 0.840 million in commitment appropriations and ECU 1.140 million in payment appropriations); heading specific to "*économie sociale*".

3. *Legal basis*

- 3.1 Council Decision 89/490/EEC of 28 July 1989 on the improvement of the business environment and the promotion of the development of enterprises, and in particular small and medium-sized enterprises, in the Community (OJ L 239/89).
- 3.2 Council Decision 93/379/EEC of 14 June 1993 on a multi-annual programme of work to intensify the priority areas and to ensure the continuity and consolidation of enterprise policy, with particular reference to small and medium-sized enterprises, in the Community (OJ L 161/93).
- 3.3 Communication from the Commission to the Council of 18 December 1989 entitled "Businesses in the "*économie sociale*" sector: Europe's frontier-free market" (SEC (89 2187 final).
- 3.4 Declaration no. 23 of the Treaty on European Union "Declaration on cooperation with charitable associations".

3.5 "From the Single Act to Maastricht and beyond: the means to match our ambitions" (COM(92) 2000 final).

4. *Description of operation*

Appropriations under heading B5-3210, along with headings B3-10 and B6-612, are intended to cover expenditure incurred by projects to study the impact of the completion of the Single Market on the "*économie sociale*" sector and to improve its access to Community measures.

4.1 *Specific objectives of operation*

In its Communication entitled "Businesses in the "*économie sociale*" sector: Europe's frontier-free market", the Commission's intention was to submit a working programme in full respect of the principle of subsidiarity and to make appropriate proposals for its implementation.

This working programme is aimed at:

1. consolidating the horizontal approach by improving knowledge of the sector and particularly its contribution to the economy in general and its specific contribution to certain Community policies, and by taking account of this sector in Community policies and assessing the impact of these policies on cooperatives, mutual societies, associations and foundations;
2. implementing specific measures designed in particular to:
 - enhance the scope for transnational cooperation and the quest for new activities and new markets among partners acting in groups in the context of the newly-completed Single Market.
 - improve information flow,
 - support training
 - encourage the development of research and scientific progress,
 - strengthen the role of cooperatives, mutual societies, associations and foundations as vehicles of EC policies, particularly as regards the dissemination of social innovation, the consolidation of economic and social cohesion, and the development of cooperation with non-member countries.

4.2 *Duration*

Measures taken in the "*économie sociale*" sector are part of multi-annual framework programmes, the first of which is spread over the 1994-96 three-year period.

4.3 *Target population*

A substantial portion of the Community population is targeted by action in the "*économie sociale*" sector if, for instance, we bear in mind that 60% of European agricultural production is harvested, processed or marketed through a cooperative, that cooperative or mutual banks collect almost 17% of European savings, that 40 million European families use mutual societies to insure against the risk of sickness or against the vagaries of old age and that there are 60 million members and 3 million jobs in the cooperative sector alone.

5. *Classification of expenditure or revenue*

5.1 *Non-compulsory expenditure*

5.2 *Differentiated appropriations*

5.3 *Types of revenue envisaged*

None.

6. *Type of expenditure or revenue*

6.1 *100% subsidy*

A minimal part (study contracts, expenditure on meetings, publications) is financed *in toto*.

6.2 *Subsidy for co-financing with other sources from the public and/or private sector*

Innovatory pilot projects (above mentioned objects) will be financed at an average rate of 18%.

6.3 *Interest subsidies*

Certain operations might qualify for interest subsidies.

6.4 *Other*

None.

6.5 *In the event of the action proving economically successful, has any provision been made for partial or total reimbursement of the Community financial contribution?*

As things currently stand no reimbursement of the Community financial contribution has been envisaged.

6.6 *Does the operation proposed entail any change in the level of revenue? If so what does the change involve and what type of revenue is envisaged?*

The operation entails no changes as regards the level of Community revenue.

7. *Financial impact*

7.1 *Method for calculating total cost of operation*

A large number of innovatory pilot projects have been gathered through a study conducted for DG XXIII/A/4. The total cost of the operation is based on the commission's taking over expenditure amounting to approximately 18% of the total expenditure for the various pilot projects proposed.

7.2 Detailed breakdown of the action

in ECU million

BREAKDOWN	1994	DESCRIPTION OF EXPENDITURE
<p>A. Promoting, coordinating and strengthening measures for cooperatives, mutuals, associations and foundations</p>		
<p>A.1 Strengthening the horizontal approach</p> <p>Improvement of the knowledge of the sector of cooperatives, mutual societies, associations and foundations, particularly its contribution to the economic in general and its specific contribution to certain Community policies.</p>		
<p>Implementation of studies on the development of the sector within the Community</p>	0.100	<p>Programme of prospective studies and examinations in order to obtain the information needed to identify major trends</p>
<p>Creation of a favourable environment and assessment of the impact of Community policies.</p>	0.210	<p>Examination of the impact of Community measures</p> <p>Studies of national legislation and hurdles to cooperation at the Community level</p> <p>Pilot actions in order to evaluate the impact of Community policies</p>
<p>Consultation arrangements.</p>	0.040	<p>To permit exchanges and consultation on future Community policy and on the programme of work, the representative bodies at European level are invited to set up a standing structure for contact between cooperatives, mutual societies, associations and foundations on the one hand, and the Community institutions on the other (meetings)</p>

<p>A.2. Support for specific measures to assist cooperatives, mutual societies, associations and foundations in the community</p>		
<p>Encouraging transnational cooperation to seek out new activities by groups of partners</p>	0.100	Pilot actions to overcome hurdles to transnational cooperation
<p>Improving the information flow</p>	0.155	Information network linked to the EICs plus also permitting the quest for partners, the implementation of joint ventures, etc.
<p>Dissemination of social innovation</p>	0.100	Innovatory pilot schemes based on the specific features of cooperatives, mutual societies, associations and foundations
<p>Strengthening the role of cooperatives, mutual societies, associations and foundations as vehicles of community policies</p>	0.545	Pilot schemes, with special reference to the disadvantaged regions, in the sector by organisations
<p>B. Strengthening action within other policy areas</p>		
<p>Development of Community statistics and processing of data following up surveys carried out in this sector (B5-3200)</p>	0.200	Studies, collection and processing of data, publications for knowledge of the situation in the sector and for harmonised statistics and updates
<p>Supporting training (B3-10)</p>	0.070	Pilot actions for training of executives and those responsible for vocational structures; exchanges of executives and engineers
<p>Stimulating R & D (B6-612)</p>	0.130	Pilot schemes, with special reference to the disadvantaged regions, by organisations in the sector
<p>TOTAL</p>	1.650	

7.3 *Operational expenditure for studies, experts' meetings, etc. included under B*

BREAKDOWN	1994	1995	1996
Studies	0.350	0.300	0.300
Meetings of experts	0.040	0.050	0.050
Conferences and congresses	p.m.	p.m.	p.m.
Information and publications	0.030	0.050	0.050
TOTAL	0.420	0.400	0.400

7.4 *Indicative schedule of commitment appropriations*

APPROXIMATE PLANNING (million ECU)

BUDGET	1994	1995	1996
WORK PROGRAMME	1.650	1.860	2.090

8. *Anti-fraud measures planned in the proposal for the operation*

As regards the checking of subsidies or receipts of services and studies commissioned by the Commission's departments prior to payment, bearing in mind contractual obligations and the principles of economy and sound financial management, anti-fraud arrangements (monitoring, submission of reports, etc.) are included in all agreements or contracts signed between the Commission and the recipients of payments.

9. *Elements of cost-effectiveness analysis*

9.1 *Objectives*

The main idea behind the selection of pilot schemes either for 1994 or under the framework programme (1994-96) hinges on setting up a coordinated policy of networks of European cooperatives, European mutual societies and European associations.

9.1.1 The creation of European groupings has been fostered by the Commission. Thus:

- for the European agricultural cooperatives, the European Economic Interest Group (EUROCORD) has been set up in order to compete more effectively for calls for tenders under "Phare" (e.g. winning contracts worth three million ECU for the restructuring of cooperatives in Poland, in the context of a renewable programme);
- cooperatives and associations from nine Member States and financial establishments of the sector (e.g. for France: *VVF + Caisse des Dépôts et Consignations*; for Germany: *Deutsche Familien Ferien + Genossenschaftsbank*; for Portugal: *APORTAL + Montepio Geral*) offering their membership low-cost travel have grouped together to form EEIG "Eurovillages";
- a network of information on "*économie sociale*" (Euro Info Centres) has been set up by the following organisations: Comité Européen des Coopératives de Production, Eurocitizen Action Service, Comité Européen des Associations d'intérêt Général, European Foundation Centre, in order to cater for the need for enterprises of the "*économie sociale*" sector to interact with the rest of the Community's trade and industry by using the EIC network (**network of networks**).

9.1.2 A study conducted by our department shows that a large number of innovatory pilot projects have been put forward and selected in the light of the abovementioned objectives.

9.1.3 Following studies undertaken by DG XXIII a special financial mechanism has been set in place for cooperatives, mutuals and associations, based on a European investment company and two joint placement funds.

9.2 *Grounds for the operation*

9.2.1 Cost

The cost of the different operations has been calculated on the basis of the elements presented under 7 above. The limited financial and human resources available on the one hand and the specific nature of the requirements on the other rule out an alternative strategy for intervening in the sector in question.

9.2.2 Spin-off effects

The spin-off and knock-on effects are important because the operations envisaged should enable the "*économie sociale*" sector to benefit from the advantages of the frontier-free Single Market while respecting the rules of competition and without losing their special nature as membership organisations.

9.2.3 Multiplier effects

The actions undoubtedly have and will continue to have multiplier effects either by mobilising other sources of financing from the sector itself or from other sectors, or by being reproducible in time and in space. In particular, the experience gained has demonstrated that the Commission can, in most cases, limit itself to a financial

contribution of around 15-25% and that the enterprises of the sector are prepared to finance the rest of the projects in question. The multiplier effect is therefore around 400-667%.

9.3 *Monitoring and assessment of the operation*

Depending on the objectives pursued this will be as follows:

- comparative assessment, designed primarily to identify the changes generated by the operation on a population or on a situation and to evaluate the extent to which the objectives set have actually been attained and whether there have been any effects other than those anticipated;
- analytical assessment, designed to establish the differences generated by the operation in relation to an initial situation;
- dynamic assessment based on the interim results of the analysis and amending the action as it progresses.

These methods can be complementary and must permit six-monthly assessments.

The "*économie sociale*" sector is very diversified as a result of its makeup (cooperatives, mutual societies, associations and foundations) and its distribution across the 12 Member States.

Close attention is therefore needed when preparing operations, in order to ensure the resources deployed match the perceived needs.

9.4 *Consistency with financial planning*

9.4.1 *Is the action included in the DG's financial planning for the years concerned?*

The action is an integral part of the DG's policy.

9.4.2 *Specify to which more general objective defined in the DG's financial planning the objective of the operation proposed corresponds.*

The operation proposed corresponds to the objectives pursued by the Directorate General (training, information, cooperation, etc.).

10. *Administrative expenditure (part A of the budget)*

10.1 *Does the operation entail an increase in the number of Commission staff? If so how many?*

Unit XXIII/A/4 will have to recruit two A-grade officials, one B-grade and two C-grades. Only internal recruitment procedures will be used, as a function of the number of posts available.

10.2 Give the total operational and staff expenditure generated by the operation.

No effect on the budget.

10.3 The proposed operation will also generate the following expenditure on the meeting of the committee provided for in Article 4 of the Decision (item A 2510):

One meeting per year of 24 government experts.

ECU 15 000

**PROGRAMME OF WORK FOR COOPERATIVES,
MUTUALS, ASSOCIATIONS AND FOUNDATIONS**

	Budget item	Financing plan ²⁴ 1994-96	1994	1995	1996	1994-96
A.		Promoting, coordinating and strengthening measures for cooperatives, mutuals, associations and foundations				
A.1.		Strengthening the horizontal approach				
A.1.a)	B5-3210	Studies on the development of the sector in the Community	0.100	0.080	0.080	0.260
A.1.b)	B5-3210	Creation of a favourable environment and evaluation of the impact of Community policies	0.210	0.120	0.080	0.410
A.1.c)	B5-3210	Consultation arrangements	0.040	0.050	0.050	0.140
A.2		Support for specific measures in favour of cooperatives, mutuals, associations and foundations				
A.2.a)	B5-3210	Encouraging transnational collaboration in the quest for new activities by groups of partners	0.100	0.100	0.100	0.300
A.2.b)	B5-3210	Improving information	0.155	0.160	0.160	0.475
A.2.c)	B5-3210	Dissemination of social innovation	0.100	0.100	0.100	0.300
A.2.d)	B5-3210	Strengthening the role of cooperatives, mutuals, associations and foundations as vehicles of Community policies	0.545	0.790	0.830	2.165
B.		Strengthening action within other policy areas				
B.1.	B5-3200	Development of Community statistics and compilation of data subsequent to surveys carried out in the sector	0.200	0.200	0.150	0.550
B.2.	B3-10	Providing training back-up	0.070	0.100	0.130	0.300

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The pilot projects receive 18% funding on average. Studies and expenses for meetings or for publication receive 100% funding

B.3.	B6-612	Encouraging R&D	0.130	0.160	0.410	0.700
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		TOTAL (million ECU)	1.650	1.860	2.090	5.600
C.		Indirect action arising from the application of certain Community policies				
C.1.	B7-500	Promotion of Community investment in the developing countries in Latin America, Asia and the Mediterranean within the context of economic and commercial cooperation agreements.	In the remarks on the general budget of the European Communities with effect from the budget year 1994, the point is made that the action envisaged is directed particularly to small and medium-sized enterprises, including firms in the "économie sociale" sector.			
C.2.	B2	Structural measures, other agricultural and regional, transport and fishing measures	Cooperatives, mutuels and associations have received funding from this item in the past. For the period covered by the programme, these firms will continue to qualify for such funding, but it is not possible, a priori, to specify an amount, as this will depend on the quality of projects proposed and on the way the various activities develop.			
C.3.	B3	Training, youth, culture, audio visual, information and other social action	Idem			
C.4.	B4-3	Environment	Idem			
C.5.	B5	Consumer protection, internal market, industry and trans-European networks	Idem			
C.6.	B7	Cooperation with developing countries	Idem			

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