

Policy Paper - Economic Diversity Group

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Executive summary

Community-led initiatives (CLIs) are important change entities to help achieve the goals of the EU Green Deal with regard to post-covid recovery, climate adaptation, Just Transition, and regional development.

CLIs have deep expertise, strong networks and unique capabilities to help bring about those changes in an efficient and socially transformative way.

Specifically, this chapter calls for support and action to slash barriers and facilitate the social & solidarity economy, participatory democracy, decolonization within the EU, circular financing for social housing, information technology to power citizen-led change, Transition Income in combination with regional complementary currency, and an EU Sustainable Innovation Directive.

The calls to action contain specifics on the support and funding needed and outcomes expected, while more detailed plans are available through the authors: Ronald Hazelzet and Ad Vlems.

1. Social & Solidarity Economy

SSE Challenges and limitations

The Social and Solidarity Economy ([SSE](#)) offers a sustainable and inclusive alternative economic development model and comprises social enterprises; self-managed, informal groups; participatory democratic governance; and fair distribution of profits among owners and workers, and their reinvestment in the community. SSE contributes to a Just Transition and collective eco-social movements and initiatives. It is combating economic inequalities, social exclusion and promotes sustainable and circular economy models.

SSE faces several challenges.

- Not all countries have a specific legal framework that defines, regulates and facilitates the role and the operation of SSE entities, which need differentiated access to finance, tax benefits and social security contributions.
- Due to their focus on social impact rather than profit as well as due to their informal form, SSE entities often lack the financial capacities or access to funding programmes from national governments or international institutions.
- In public procurement, most authorities fear to introduce “social” clauses because they are concerned that they will distort fair competition.

- Assessment and dissemination of social and sustainable impacts by SSE entities is lacking, which hinder their visibility and credit.

Actions taken by SSE entities

SSE entities have combined their forces in national and international networks to promote the SSE model, to make visible its impacts and contributions to a Just Transition, to exchange knowledge and best practices among SSE practitioners and researchers, and to improve the regulatory and operational framework through policy advocacy. Examples of such networks of SSE are [RIPSS EUROPE](#), a recognised institutional European network of SSE networks and [REAS](#), a network of networks of alternative and solidarity economy in Spain. At the Mediterranean level it is also worth to mention the [MedTOWN](#), initiative, that is led by the Spanish NGO [Asamblea de Cooperación por la Paz](#) and aims at promoting the co-production of public social policies through with the support of SSE entities and the use of local currencies for the distribution of financial aid.

Calls to Action

The European Union could direct several of its existing policies, programmes, and budgets toward support for the development of the Social and Solidarity Economy (SSE), which will make European society more resilient in these times of transition and uncertainty.

Moving beyond the Social Economy (SE) paradigm, the OECD and ILO are developing knowledge, positions and policies on SSE (including guides for legal frameworks, guides for social impact measurement, peer-learning partnerships).

Some of the most important initiatives for the improvement of the regulatory and operational framework of the SSE and the visibility of their impact are the following:

- [The UN Inter-Agency Task Force on SSE](#)
- [The Social Economy Action Plan](#) led by the EU
- [The OECD Global Action on Promoting SSE](#)

[RIPSS is a global network of continental networks of SSE](#), the EU could take the lead in SSE by adopting the following measures to boost the SSE model, sector and actors.

1. Support networking and exchange among SSE researchers, fund (action) research to measure and disseminate good practices in SSE and impacts achieved.
2. Invest in SSE education by government and academia and upskill SSE entities in participatory governance, digital, social, green and blue economy.
3. Make (local, smaller) public procurement more accessible to SSE entities through more flexible tendering processes and promote social innovation with the support of SSE entities
4. Involve SSE networks early in the design of EU programmes and national public programmes aimed at the greener economy, inclusive transition, and a resilient economy.
5. Invest more on circular economy projects with the support of SSE entities and the use of local/social/complementary currencies in the collection of waste, energy saving and social housing.

An interesting success story of social innovation in the sector of social housing that is initiated by two networks from North Europe is presented below as a source of inspiration and replication.

Circular financing for social housing: a success story worth replicating

Two specific SSE networks deserve special mention here, for their great, quantified impact and scalability: **Mietshäuser Syndikat** from Germany and **VrijCoop** from the Netherlands, two platforms that facilitate cooperative and solidarity housing associations. Between them, they have facilitated the construction of thousands of homes that are affordable, inclusive and sustainable.

Mietshäuser Syndikat (Rental Housing Association) in Germany, est. 1992, has a membership of 163 self-organized rental housing communities, with five to ten starting communities joining each year. MHS supports its members and facilitates older communities financing new communities with seed money for the difficult start-up phase. Once built, this real estate can never be traded or speculated with, thanks to the communities' by-laws.

***VrijCoop**, the MHS equivalent in the Netherlands, was founded in 2015, and has six members to date. In the same way, VrijCoop supports its members with legal and practical services, facilitates members financing members, and ensures its members' properties can never be sold or speculated with (through its mandatory veto power).*

For many years, MHS members have financed start-up members, and VrijCoop members will do so as soon as their projects' financial maturity allows: as a project's loans are paid off and rental income remains the same, surpluses grow, which are then partly used for upkeep and partly used as seed money for starting communities.

Boekel Ecovillage, a VrijCoop member with 36 social rental houses, generates €300.000 in rental income per year. As mortgage paybacks drop over time, surpluses will become available for other VrijCoop members. Self-managed social housing communities are booming in the Netherlands (the City of Amsterdam aims for 10% of all new housing to be self-built and self-managed).

Suppose VrijCoop will have 100 similar members in 30 years, that would roughly mean €30 million in surpluses per year available for peer-to-peer housing community financing, which brings two major advantages:

- 1. Older communities support new communities with high-risk start-up loans shunned by banks.*
- 2. When anything goes wrong, the communities help each other out! The banks don't need to step in. This is proven practice at MHS.*

GLS Bank, a German ethical bank investing in cultural, social and ecological initiatives (assets: €7.7 billion) has financed 90 MHS/VrijCoop housing projects and not once did any project miss a monthly payment.

Thus, seed money for VrijCoop seems a wise and safe investment to set the wheel in motion in the Netherlands as well. Similar platforms elsewhere are: [Le CLIP](#) in France and [habiTAT](#) in Austria.

2. Role of Information Technology and Online Platforms

Introduction

Information technology (IT) plays a crucial role in building communities and networks, sharing information, fostering innovation and disseminating good practices. Government,

industry, academic and civil society leverage the power of IT across sectors, disciplines and borders on a daily basis.

Challenges

Partly due to linguistic and cultural barriers, peer-to-peer grassroots knowledge sharing among private citizens remains a weak spot in our European knowledge ecosystem. Ecovillages and other Communities for Future have learned to live sustainably for decades. There is tremendous practical knowledge to reach all of the SDGs that is not yet shared on a digital platform. Spreading the knowledge that is already there, will make all communities in Europe more resilient to climate change and other world problems and can help in strengthening the local economy. New jobs can be created by sharing knowledge about sustainable solutions.

Solutions

The transition under the Green Deal stands to gain a lot of steam from bottom-up, proven, practical citizen actions in their daily lives and even more so if peer-to-peer grassroots knowledge sharing is boosted through an IT platform that is multilingual, cross-cultural, inclusive and engaging.

Not only will the physical impacts of the above citizen actions add up, it will also bolster citizen support for major public and private initiatives as we create and navigate the European transitions in the economy, energy, mobility, etc. IT can support any community in becoming a more resilient Community for Future. IT can also support new ways to practice and involve people in European democracies¹.

Inspiring example in the making: Global Goals Community

One inspiring citizen-led initiative in this regard is the [Global Goals Community](#) (GGC). This platform is initiated by Boekel Ecovillage. GGC believes everyone can contribute to a better world for now and future generations. This community connects people with open-source practical solutions to reach all the United Nations' SDGs on a local level.

*GGC has built and soft-launched a **website for all 17 SDGs** to connect citizens for sharing their grass roots solutions (a sort of green and social DIY Facebook). This website will first be available in English, the 24 EU languages, and later Chinese, Japanese, Russian, and Arabic.*

Under SDG 13 (Climate Action), the UN campaign [Race to Resilience](#) sets out to catalyse a step-change in global ambition for climate resilience and empower people and nature to not just survive climate shocks and stresses but thrive in spite of them.

¹ as explained in the [CfF Policy Paper Democratic participation](#)

GGC has built and will soon launch an **app for SDG 13**. To quickly populate the app, solutions will be gathered from ecovillages, transition towns, permaculture experts and citizens. This content will also be made available in these same languages.

All of the practical Nature Based solutions that are explained in the CfF Policy Paper Working with Nature² will be implemented in the GGC platform.

The open-source knowledge shared through the app will be free for any individual and group to use to boost resilience to the shocks and stresses from climate change.

The following targets for 2026 have been set for the app:

- 500 practical solutions for SDGs
- 150 contributors
- 500.000 people impacted

About 50 students and a dozen teachers from Fontys University of Applied Sciences of the Netherlands have contributed to the app through marketing research (citizens' knowledge, attitudes, concerns, preferences, lifestyles, triggers), design (UI, UX), programming and database construction, and a marketing plan for the app.

Call to Action

The EU is invited to:

- help promote the GGC website and app
- help translate the content into the 24 EU languages
- fund scale-up to professional management level (euro 300,000 for 2 fte for 5 years)
- fund the solutions that had the most impact
- help validate and disseminate outcomes from the GGC project

3. Fiscal Policy: Transition Income and Regional Complementary Currencies

Challenges:

The European Union faces several interconnected transition challenges:

1. The EU Green Deal needs evidence-based, high-impact projects to quickly roll out the greener economy and digitalisation parts of its post-covid recovery and transition agenda toward a more sustainable, resilient and equitable society, including the UN SDGs and International Panel Climate Change (IPCC) targets.

2. Accelerating wealth concentration diverts capital into stock market speculation and tax havens and away from productive investment in physical means of production, people's

² read the [CfF Policy Paper Working with Nature](#)

housing and other assets that improve the real economy and quality of life. Transaction taxes and regional currencies may stem this outflow into the phantom economy.

3. Among many public and private stakeholders and entities, “transition pioneers”, leaders in community-led initiatives, have a crucial role to play in projects, programs, systems and networks. These citizen-led, bottom-up, distributed and agile CLLs can drive transitions in construction, energy, mobility, community care, etc. Due to old-economy jobs to pay the rent, these transition pioneers’ expertise is underutilized at this crucial moment in time.

A twin solution: Transition Income with Regional complementary currency

Transition Income (TI), a periodic cash payment conditionally delivered to groups of selected citizens, without a means-test and with the requirement to perform transition-related work, will help transform society to a desired end-state. Those recipients would be “transition pioneers”, i.e. leaders and members of community-led initiatives such as ECOLISE’s Communities for Future or Global Ecovillage Network members.

A Transition Income would free up those transition pioneers from old-economy work and unleash their expertise and experience to accelerate the Build Back Better process³.

An initiative group stands ready to take on a Transition Income pilot project:

- **Jack Cox**, an economist, university lecturer at the HAN New Values Institute, author of *The Butterfly Economy*, and proponent of a Social-Ecological Basic Income
- **Worldconnectors**, a cross-generational network of leading experts that develop global strategies for the goals of the UN Millennium Declaration and the Earth Charter
- **ECOLISE**, a metanetwork of ecovillages, transition towns and permaculture networks; with deep expertise in combating/mitigating climate change and building sustainable societies in every sense of the word, bundled in its *Communities for Future* programme.
- **GEN Europe**, a professional network of 100 leading ecovillages and regenerative communities in 26 European countries, part of the Global Ecovillage Network (GEN)

Between them, these initiative group members offer a vast knowledge bank and competence base to manage a Transition Income pilot project and monitor, analyse, validate and disseminate the outcomes.

Objective

Organize a three-year Transition Income pilot project to achieve social, ecological and economic impacts. These impacts can be monitored through validation frameworks from trusted parties (partners and instruments within government, academia, consultancy, NGOs

³ The huge impact is also explained in the CfF Policy Paper Territorial / Bioregional Partnerships in the chapter on Place-based, circular and well-being economy.

have been identified). Participation would be open to the transition pioneers described above.

Implementation

The project could be rolled out in three phases: a pilot phase of the 10 ecovillage initiatives in the Netherlands (year 1) and a bigger pilot phase for 100 CLIs across Europe (years 2-3), before finally extending to other communities, towns and cities (year 4 and after).

A draft implementation plan describing participants, conditions, criteria, knowledge partners, dissemination strategy, etc. is available.

Regional complementary currency

A part of the TI is to be disbursed in a Regional Complementary Currency (RCC). RCCs have been shown to offer several advantages:

- RCCs reinforce the linkages between the ecovillages and their surroundings.
- RCCs (parallel to the euro) make local economies more resilient by stimulating micro, small and medium enterprises (MSMEs), boosting the local velocity of money, and contributing to the development of shorter supply chains and resilient circular economies⁴.
- The multiplier impact of an injection of euro-convertible Regional Complementary Currency (RCC) is enormous. In Santa Coloma de Gramenet (Spain), a local currency, the Grama, channels local subsidies granted by the City Council, thus activating local commerce. The local multiplier effect of the Grama in 2019 was 11,16 after 3 years of operations. In other words, an RCC injection worth € 1 million will generate € 11 million worth of economic activity in the real regional economy. In the last phase it is exchanged to euros and leaves the regional economy.⁵
- In the event of financial turmoil, regional currencies have acted as stabilizing floaters keeping the main economy on an even keel.

The Province of Noord-Brabant in the southern Netherlands already has a provincial-scale RCC (called '*Parel*', or pearl), mainly used in and around the city of Breda, where it originated. The well-designed and professionally managed local currency infrastructure would offer a reliable platform to scale up this RCC and monitor the effects of an RCC injection. The province is an economic powerhouse of manufacturing industry (Brainport), has a high percentage of SMEs, is known for its social cohesion, and home to nearly a dozen ecovillages and ecovillage initiatives, thus offering **ideal conditions for a pilot project combining Transition Income and Regional Complementary Currency**.

Read more on [Transition Income on the page of Boekel Ecovillage](#).

Read more on [Regional Complementary Currency on this page of Boekel Ecovillage](#).

⁴ The Role of Complementary Monetary System as an Instrument to Innovate the Local Financial System, University of Córdoba, Spain 2020

⁵ [Basic income and Local currency](#) by Susana Martin Belmonte Scientific Coordinator MedTOWN Project - ACPP

4. Legislation to accelerate the transition to a sustainable society

Conventional legislation regulates specific behavior, processes, designs and materials, by necessity based on current state of affairs and thus by definition not allowing for innovations. This creates a great hindrance to the implementation, dissemination of sustainable innovations (and even their development and investment, higher up in the pipeline).

This transition era calls for legislation that supports investment (confidence), research and development, experimentation, implementation, dissemination and mainstreaming of innovations for sustainability and resilience in the crucial decades ahead.

Transition-era legislation should lay down permanent principles (e.g. environmental care thresholds, best-current-state technology requirements) under which lower-level legislation, facilitation, inspection and enforcement may be designed and implemented.

An EU Sustainable Innovation Directive, modelled on the latest Dutch environmental legislation and planning methodology and framework, and informed by good practices from other EU member states, such as the recognition of intentional communities, could greatly contribute to innovative and expedient implementation of the EU Green Deal.

The Dutch Crisis and Recovery Act boosts legislative innovation and agility

The Dutch Crisis and Recovery Act (CRA; Crisis- en herstelwet, Chw) was proposed by the Dutch prime-minister and justice minister in 2008 when the financial crisis had just started, and took effect in 2010.

The CRA aimed to speed up projects in infrastructure, sustainability, energy and innovation (highways, bridges, city renewal, commercial/creative hubs, sustainable innovations, etc.).

The CRA lists selected projects (in an appendix regularly updated by ministerial decree) that are facilitated with blanket exemptions from certain permits, laws and regulations specified per project, and express judicial review if applicable, while leaving international obligations and commitments intact (EU law, treaties).

In December 2011, the CRA was extended, and in April 2013, the CRA was made permanent.

In May 2012, a cabinet review found that the CRA had resulted in acceleration and innovation of infrastructural processes and projects. To date, 26 Dutch laws have been updated as a result of successful experiments under the CRA.

At the time of its introduction, the CRA's appendix listed 58 projects. By June 2021, these have grown to 150+ projects (admittedly, these Dutch projects are not all transition-driven).

Boekel Ecovillage, an ECOLISE member, was included from the very beginning in the CRA's appendix. The ecovillage was granted exemption from the country's strict and detailed building code, which meant that innovative construction materials, building systems and architectural features could be used in the ecovillage. If these work well, the building code will be amended.

Call to Action

Draft and pass an EU Sustainable Innovation Directive

Develop and adopt an EU Sustainable Innovation Directive to facilitate companies, cities, intentional communities, ecovillages, transition towns and permaculture networks (such as those united under ECOLISE) to develop, implement, test, describe and disseminate innovative technologies, systems and practices that support the transitions sought by the EU Green New Deal.

Such a directive could also comprise other agile players (such as MSMEs and Living Labs) in line with current EU legislation and policy.

If the directive would have a sufficiently long horizon (say, ten years), those innovative players and facilitating governments and other stakeholders would have a sufficiently predictable environment to warrant investing their resources in such innovations.

Existing institutions and mechanisms could monitor, analyse and evaluate the directive's efficacy and suggest improvements.