DSEtools

Digital Social Economy: building digital tools for social and solidarity economy

Working document on a European strategy for social economy data spaces

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The European Commission's data space strategy aims to create a single market for data in the European Union (EU), enabling the free flow of data within the EU and across sectors. However, this strategy currently lacks a clear focus on social and environmental values, which are crucial for the social economy sector. As such, this working document provides initial policy reflections aimed at feeding social economy actors with strategic reflections about the European Commission's data space strategy.

This document is organized into two parts. The first part provides recommendations aimed at enabling the cooperative movement to grasp the potential of the European Commission's data space strategy. It addresses 6 topics: increasing visibility of the ecosystem, data management and interoperability strategies, training and capacity building strategies, funding, impact measurement, and code of conduct.

The second part is addressed to the European institutions. Its first section introduces the current definition proposed by the European Commission for data spaces, highlighting its limitations in addressing social and environmental injustices. The second section focuses on the mechanisms of social and environmental injustices that remain unaddressed in the Commission's strategy. The third section proposes contributions that the social economy sector can make to the European Commission's strategy on data spaces, emphasizing the need for a more inclusive and values-driven approach. Finally, the fourth section puts forward a vision for a data space definition rooted in social economy values, emphasizing the importance of collaboration, solidarity, and democratic governance.

Overall, this working document aims to contribute to the ongoing policy discussions on data spaces in the EU by highlighting the importance of social and environmental values, and the role of the social economy sector in shaping a more inclusive and sustainable digital future.

PART 1: Recommendations for digital transformation strategies in the social economy

1. Make the ecosystem more visible, in order to raise its value and foster B2B collaborations.

To make the social economy ecosystem more visible and increase its value, it is important to take a multi-faceted approach. One way to achieve this is to develop a knowledge center that is accessible to all final users, including social entrepreneurs, social economy organizations, public and private buyers. This knowledge center should include a research library, case studies that are oriented towards the practical implementation of digital solutions, and a mapping of tech-for-good providers, along with training to understand their specific characteristics. Such a center would serve as a hub for knowledge sharing, fostering connections between stakeholders, and promoting B2B collaborations.

In addition, it is important to enable an inclusive, multi-stakeholder ecosystem that fosters co-creation, collective learning, and innovation. Multi-level and multi-stakeholder collaboration is key in boosting an effective transformational change. To this end, international thematic events can be organized to bring together individuals and enterprises working on similar topics, with the aim of innovating new solutions to complex problems.

Networks also play a vital role in this knowledge-sharing process by clarifying where knowledge can be accessed and organizing knowledge-sharing activities and opportunities. Therefore, it is important to invest in these networks so that they can perform these tasks, as well as advocating externally about the knowledge and skills that exist within the ecosystem. By adopting a multifaceted approach to making the social economy ecosystem more visible, it can be elevated to its full potential, fostering B2B collaborations and creating a vibrant hub of innovation and learning.

2. Data management and interoperability

Improving data management and interoperability is crucial to ensure the efficient use of data within the proximity and social economy ecosystem. To achieve this, sharing data infrastructure between enterprises can help boost interoperability and maximize the use of data available in the ecosystem. Moreover, partnerships between digital social entrepreneurs and mainstream digital enterprises can support the development of digital social enterprises, including through mentoring and pro-bono consulting.

Standardization could facilitate interoperability and the dissemination of solutions from the proximity and social economy to other ecosystems. Standardization efforts can build on existing standards in some sectors and can be enforced through public policies such as GDPR and the Digital Markets Act. Clusters are important for developing data management in a standardized way and increasing awareness of its importance. By using clusters, cooperation can be increased, positive spillovers can be maximized, and the sector's capacities can be increased. However, it is more beneficial to leverage one's network to develop thematic or sectoral clusters rather than developing competitive hubs with their own standardization.

An international platform for actors from different geographic areas and stakeholder groups could greatly support coordination, cooperation, and collaboration within the proximity and social economy ecosystem. This can be achieved through the development of a knowledge center for social entrepreneurs, social economy organizations, public and private buyers, which includes a research library, case studies, a mapping of tech for good providers, and training to understand their specific characteristics. Networks are also important in the knowledge-sharing process, which can help organize knowledge sharing activities and opportunities and advocate externally about the knowledge and skills that exist within the ecosystem.

3. Training social economy organizations and civil society

The proximity and social economy ecosystem need to develop and provide training programs that are tailored to the specific needs of the sector. It is important to include practitioner-generated content in these programs to foster skills and confidence among leaders, staff, and volunteers. However, this can be challenging if digital competencies are limited within the organization. Therefore, the strategy should incorporate the methodology of "change management" at all levels of the organization to empower the workforce.

Despite the growing movements of IT SSE enterprises (platform cooperatives, start-up cooperatives) and federations (FACTTIC in Argentina), most developers are still unaware of the social economy. To create significant opportunities, it is essential to introduce targeted skills courses for the social economy to the future IT workforce, such as students. On the side of established SSE enterprises, while more and more SSE enterprises do hire IT departments, we note that SSE values are not always easy to translate into IT strategies. In addition, most SSE SMEs are yet to have internal developers, creating a strong barrier.

Moreover, it is important to note that the open-source movement shares common values with the social economy. However, extensive work is yet to be done to link the two cultures. Learning from other ecosystems' practices and utilizing data available to their full potential is fundamental in making the proximity and social economy sector more competitive. Therefore, bridging the gap between IT and social economy is crucial to promoting innovation and digital transformation in the social economy sector.

In the Netherlands, a program called STAP is funded by the national government, which makes €1,000 available each year to those in employment or officially registered as unemployed to take part in accredited professional development courses. This scheme can help to digitally upskill citizens in or looking for employment.

There are also gaps in infrastructure, resources, and skills between rural and urban communities, and it is important to consider how best to provide education and training to groups who do not have access to technology. This education and training are essential to enable enterprises and citizens to access digitalized product and service offers from proximity and social economy organizations, such as microfinance providers.

4. Funding

To fully realize the potential of the social economy and its contribution to society, more public investment is needed. This investment should aim to create a social economy-owned system that prioritizes interoperability, data sharing, and open solutions. Calls for funding should prioritize real solutions that link up available code and open-source movements while making the most of open data. At the European level, possible funding sources include InvestEU, Horizon Europe, and the Single Market Programme. To further support the social economy, dedicated funding streams such as solidarity savings could be developed and pooled. Additionally, impact investing logics could be further developed with the support of European institutions through co-financing or guarantees. By investing in the social economy and its infrastructure, we can ensure a sustainable and equitable future for all.

5. Impact measurement

Impact measurement is an essential aspect of evaluating the effectiveness of the social economy. However, socially-focused KPIs are rarely used by the final beneficiaries of the funding. Instead, most indicators currently used are general and can be applied to virtually any business, making it difficult to assess the impact or social value of social economy organisations accurately. To address this, it is necessary to support the dissemination and use of specific KPIs for proximity and social economy organisations.

Examples of such KPIs include economic prosperity and employment indicators, social inclusion indicators, and well-being and community indicators. Economic prosperity and employment indicators may include access to finance, access to capacity building, investment through social economy organisations, and reduction in income inequality. Social inclusion indicators may include democratic governance, inclusive management, and inclusion of marginalized groups. Finally, well-being and community indicators may include community embeddedness and proximity services, psycho-social well-being, and political participation. By using such KPIs, we can better assess the impact of social economy organisations on society and improve their effectiveness in achieving their goals.

6. Code of Conduct

A quality code of conduct is essential for the proximity and social economy organisations to be prioritized in public procurement. A shared architecture for data of general interest between public players and social economy players would encourage the use of digital solutions from the social economy. This would enable the social economy to provide digital services that are accessible and affordable to all, thereby promoting a more inclusive society. It would also facilitate the interoperability of data, enabling better collaboration between public and social economy players.

The lack of interoperability standards and market regulation has made it difficult for smaller companies to enter the market and compete with larger companies. This has hindered the growth of the social economy and prevented it from reaching its full potential. The implementation of interoperability standards and market regulation would ensure that all players in the market have equal opportunities to compete. This would foster common data management processes, promoting collaboration and creating an environment that encourages innovation and growth. While standards for data management and interoperability already exist, they need to be implemented to have a positive impact on the social economy.

PART 2: Policy recommendations for data spaces rooted in social economy values

1. Introducing the current definition proposed by the European Commission

"A common European data space brings together relevant data infrastructures and governance frameworks in order to facilitate data pooling and sharing."
https://digital-strategy.ec.europa.eu/en/library/staff-working-document-data-spaces

The main idea behind this document is to create technical conditions enabling data holders to share data and, consequently, stimulate the development of an efficient data economy in Europe.
A data holder is defined as "a legal person or data subject who, in accordance with applicable Union or national law, has the right to grant access to or to share certain personal or non-personal data under its control" (p. 3)

The EC commands that creating such an enabling environment entails a triple prerequisite:
- technical framework: a common technical data infrastructure incorporating open interoperability standards
- governance framework: rules and principles ensuring that such technical framework be collectively governed by interested stakeholders, i.e. data holders themselves, especially to prevent dominant positions and lock-in effects
- legal framework: respect of EU rules and values, especially frameworks on data protection and security

2. Our reading: mechanisms of social and environmental injustices remain unaddressed

As most social economy enterprises are SMEs, and SMEs suffer from systemic lock-in effects, data spaces represent a tremendous opportunity for the development of social economy at the benefit of the EU economy.

However, nothing is foreseen to ensure that:
- citizens are provided the tools to effectively control their dataare effectively able to know what is happening to their personal data within the framework of such data spaces. Data spaces delegate this responsibility to identify "data holders" as actors (organizations, companies) storing personal data, in accordance with EU privacy regulations. However, ,this strategy does not foresee that "data holders" be complied to involve users (citizens) in their own governance; which includes organizations not controlled by citizens (e.g. GAFAM)
- SMEs are effectively able to access such data spaces. Complying with standards can be costly, and most SMEs might eventually have to rely to external providers (e.g. GAFAM) to benefit from such data spaces.

All-in-all, data spaces might create a framework for existing powerful actors to consolidate their dominant position.

3. Contributing to the European Commission's strategy on data spaces

Data economy has created and strengthened injustice mechanisms, consolidating asymmetries between centralized platforms and users (e.g.: precarity of gig economy workers). All frameworks, including data spaces, should aim to tackle such injustice mechanisms.

In practice, injustice mechanisms can be tackled only if citizens are structurally empowered, individually and through democratic organizations such as social economy organizations.

In practice, the European Commission's data space strategy should shall ensure that:

- **Integrate a citizen-centric perspective**. When personal data is involved, each data space should offer a public portal enabling each citizen to have a clear and exhaustive vision about all its personal data processed within the data space, as well as operational features enabling the citizen to exercise its rights (consent management, transferring data to another provider, etc…). PThe personal data spaces initiative sets promising foundations in this respect, and an integration of social economy principles could lead towards a more ambitious roadmap.
- **Prevent the emergence of new silos**, by ensuring that data spaces implement common standards which allow data to flow beyond newly created borders. More specifically, FAIR principles are relevant to ensure that data spaces' actors provide connectors enabling data transfers, such as APIs. However, FAIR principles don't ensure that APIs be uniformized. In practice, barriers will still exist, making the flow of data more expensive across data spaces compared to within data spaces. FAIR principles should be complemented with holistic technical specifications which not only "favour" but also guarantee interoperability within and across data spaces. Universal open standards should be whether selected from the existing environment (e.g. Solid) or produced by actors such as the EC.
- **Data spaces should tackle all barriers preventing SMEs to access them** and benefit from their data. More specifically:
  - training mechanisms should be established to enable umbrella organizations to envision a data space for their members, and identify pain points that could be addressed through user web applications supporting the production, processing and diffusion of data. Such mechanisms could complement ongoing efforts conducted by data spaces to foster their development among their respective industries;
  - decreasing SMEs' costs in accessing, contributing, benefiting and participating in data spaces by making available, for instance, suites of open source modules (such as Simpl and Matrix.org) or ready-to-deploy web applications (such as Startin'blox and Open Food Network);
- **Funding mechanisms** should focus to support the emergence of:
  - democratically-owned and controlled data holders, such as data cooperatives and data unions, fully able to participate in any data space;
  - social economy data spaces aimed at fostering the development of a citizen-led, inclusive and sustainable data economy;
  - one common infrastructure for data spaces which integrate universal interoperability standards (identity, authentication, access control and data access), preventing the emergence of meta-silos and ensuring users' flexibility and control over their data.

We propose the following definition of a social economy data space:
"A common European data space **is a commons which** brings together **open** data infrastructures **implementing open universal interoperability standards** as well as **open** governance frameworks in

order to facilitate data pooling and sharing **fostering the development of a citizen-led, inclusive and sustainable data economy**."

- **Commons**: a resource that is owned and managed collectively by a community for the benefit of all members of that community. In the case of a data space, it would offer an infrastructure that benefits users, organizations, and society as a whole, rather than being owned and managed by a single entity for their own profit.
- **Universal interoperability standards**: ensure that different systems and platforms can work together seamlessly, without creating silos or lock-in effects.
- **Openness**: the data space should be accessible to anyone who wants to join, according to predetermined rules. This ensures that the data space is inclusive and transparent, and that anyone who wants to participate can do so.
- **Governance**: rules and processes that are used to manage and regulate the data space. This includes things like membership rules, decision-making processes, and dispute resolution mechanisms. Good governance is important for ensuring that the data space is fair, transparent, and effective.
- **Inclusive and sustainable data economy**: a data space should support the development of a data economy that is inclusive and sustainable, rather than one that is focused solely on maximizing profits. This can include things like supporting small and medium-sized enterprises, promoting social and environmental sustainability, and ensuring that the benefits of the data economy are distributed fairly.