



Brussels, 9.12.2021
COM(2021) 778 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

Building an economy that works for people: an action plan for the social economy

{SWD(2021) 373 final}

1. INTRODUCTION

Every day some 2.8 million social economy entities in Europe¹ offer concrete and innovative solutions to key challenges we are facing. They create and retain quality jobs, contribute to social and labour-market inclusion of disadvantaged groups and equal opportunities for all, drive sustainable economic and industrial development, promote the active participation of citizens in our societies, play an important role in Europe's welfare systems, and revitalise Europe's rural² and depopulated areas³.

During the Covid-19 pandemic, many social economy entities have been at the forefront of the crisis. They have produced face masks, supported digital online education, assisted people in need and provided proximity help in local communities.

Parts of the social economy contribute to the **green and digital transitions** by supplying sustainable goods and services and bridging the digital divide. Their participatory business models, that take into account the needs of citizens, employees and other stakeholders, help to ensure that the transitions are fair.

In addition, the social economy contributes to the diversity of company forms in Europe, fostering greater consumer choice and product/service quality. The social economy makes an important contribution to GDP in the countries where it is most developed, for example 10% in France⁴. For this reason it has been included as the core of the "Proximity and social economy" ecosystem, one of the 14 industrial ecosystems identified in the update of the EU Industrial Strategy⁵.

The social economy can help implement the principles of the European Pillar for Social Rights and deliver on its 2021 Action Plan and the 2030 headline targets, for example the increase of the employment rate and the reduction of the number of people at risk of poverty and social exclusion. The social economy employs some 13.6 million people; paid employment varies between 0.6% and 9.9% amongst Member States⁶. This shows the uneven development of the social economy within the EU but also reveals that there is **major untapped economic and job creation potential for the social economy** in several Member States and regions if adequate measures are put in place.

The social economy complements Member States' action in delivering quality social services in a cost-effective manner. It also complements their efforts to integrate young people and disadvantaged groups (e.g. persons with disabilities, older people, long-term unemployed, persons with a migrant, minority racial or ethnic background(particularly

¹ Figure covering the EU 28. See European Economic and Social Committee, *Recent evolutions of the Social Economy in the European Union*, by Monzon J. L. and Chaves R., 2017, p. 66.

² See Long-Term Vision for Rural Areas, COM(2021) 345 final.

³ Krlev G., Pasi G., Wruk D., Bernhard M., *Reconceptualizing the Social Economy*, Stanford Social Innovation Review, 2021.

⁴ <https://www.economie.gouv.fr/leconomie-sociale-et-solidaire>

⁵ The EU's updated industrial strategy proposes 14 industrial ecosystems to take account of the new circumstances following the COVID-19 crisis and aims to drive the transformation to a more sustainable, digital, resilient and globally competitive economy, COM(2021) 350 final.

⁶ See European Economic and Social Committee, *Recent evolutions of the Social Economy in the European Union*, by Monzon J. L. and Chaves R., 2017, p. 69.

Roma), single parents) into the labour market and in society at large⁷. For example, the social economy helps build bridges for persons with disabilities to employment in the open labour market; and provides services which are essential to support their independent living. Furthermore, the social economy helps improving gender equality. On the one hand, many women have access to the labour market via jobs created by the social economy, on the other hand, social and care services provided by the social economy allow women to access the wider labour market.

Similarly, the social economy contributes to the **implementation of the Sustainable Development Goals (SDGs)**⁸ at EU and global level. This is because it is active worldwide in reducing poverty, driving the transition to sustainable cities and communities, responsible consumption and production and sustainable finance. As such, collaborative and non-profit organisations are a key pillar of Europe's social and economic resilience⁹.

Social economy has the potential to reshape the economy post-COVID through inclusive and sustainable economic models leading to a fairer ecological, economic and social transformation.

The Recovery and Resilience Facility provides Member States with significant opportunities to implement reforms and investments through social and inclusive entrepreneurship. Moreover, some Member States have reflected the social economy and inclusive entrepreneurship as priorities in their national recovery and resilience plans. The Commission will monitor and support Member states in the implementation of their respective plans.

The social economy has a key role to play in the transition towards more beautiful, sustainable, inclusive living spaces and life styles as promoted by the **New European Bauhaus**¹⁰, bringing new transdisciplinary approaches and solutions attuned with the local communities needs and aspirations.

However some of this potential is still under-exploited. The social economy remains unknown to too many people¹¹. Many consumers want to buy more responsibly¹² in terms of the sources of goods and services they purchase, but do not necessarily know how. Patient, long-term investment capital is not always readily available to social economy entities. Public authorities do not fully use the existing possibilities to facilitate the access of social enterprises to public procurement, or funding, nor the flexibility offered by current EU State aid rules. Because they are not sufficiently understood and recognised, social economy entities face difficulties developing and scaling up their

⁷ The importance of social economy is also flagged in the Commission's Action plan on Integration and Inclusion 2021-2027 (COM(2020) 758 final).

⁸ <https://sdgs.un.org/goals>

⁹ COM (2020) 493 final.

¹⁰ COM(2021) 573 final.

¹¹ The social economy concept enjoys little or no recognition in at least 10 EU countries. See European Economic and Social Committee, *Recent evolutions of the Social Economy in the European Union*, by Monzon J. L. and Chaves R., 2017, p. 35.

¹² For example, a [Eurobarometer survey](#) from March 2020 indicated a commonly shared view that one of the most effective ways of tackling environmental problems is 'to change the way we consume' and 'change the way we produce and trade'.

activities and, thus, are held back from delivering even greater economic and social impact. They need more and better support to grow and thrive.

To optimise the potential of the social economy in the Single Market, more should be done to replicate successful experiences across Member States and, where possible, to help social enterprises grow from local to European, including through the use of digital tools.

This action plan seeks to enhance social innovation, support the development of the social economy and boost its social and economic transformative power. It proposes a series of actions for the period 2021-2030. It builds on the Social Business Initiative¹³ (SBI) and the Start-up and Scale-up initiative¹⁴. It has been prepared through an open and inclusive process over a two-year period¹⁵.

2. DEFINING SOCIAL ECONOMY

The social economy encompasses a range of entities with different business and organisational models. They operate in a large variety of economic sectors: agriculture, forestry and fishing, construction, reuse and repair, waste management, wholesale and retail trade, energy and climate, information and communication, financial and insurance activities, real estate activities, professional, scientific and technical activities, education, human health and social work activities, arts, culture and media.

In the context of this action plan and related EU initiatives, the social economy covers entities sharing the following main common principles and features: the primacy of people as well as social and/or environmental purpose over profit, the reinvestment of most of the profits and surpluses to carry out activities in the interest of members/users (“collective interest”) or society at large (“general interest”) and democratic and/or participatory governance.

Traditionally, **the term social economy** refers to four main types of entities providing goods and services to their members or society at large: cooperatives, mutual benefit societies, associations (including charities), and foundations. They are private entities, independent of public authorities and with specific legal forms.

Social enterprises¹⁶ are now generally understood as part of the social economy. Social enterprises operate by providing goods and services for the market in an entrepreneurial and often innovative fashion, having social and/or environmental objectives as the reason for their commercial activity. Profits are mainly reinvested with a view to achieving their societal objective. Their method of organisation and ownership also follow democratic or participatory principles or focus on social progress¹⁷. Social enterprises adopt a variety of legal forms depending on the national context.

¹³ COM (2011) 682 final.

¹⁴ COM (2016) 733 final.

¹⁵ SWD (2021) 373.

¹⁶ Since the SBI, the term “social enterprise” has been deployed in a number of EU legal texts for funding purposes. See definitions in Regulation (EU) No 1296/2013 on a European Union Programme for Employment and Social Innovation; Regulation (EU) No 346/2013 on European social entrepreneurship funds; Regulation (EU) 2021/1057 establishing the European Social Fund Plus.

¹⁷ COM (2011) 682 final.

Terms such as “social economy enterprises”, “social and solidarity enterprises” and “third sector” are also used by some stakeholders, countries and international organisations¹⁸ to refer to social economy entities. Work integration social enterprises are a common type of social enterprise across Europe. They specialise in providing work opportunities for disadvantaged people.

Most of the actions proposed in this action plan are relevant to all social economy entities, however some may be specific to one or other category.

3. CREATING THE RIGHT FRAMEWORK FOR THE SOCIAL ECONOMY TO THRIVE

3.1. Developing policy and legal frameworks

Evidence shows the importance of improving the “enabling environment” for the social economy to thrive. As confirmed by research¹⁹ and stakeholders²⁰, policy and legal frameworks form an essential part of this environment but adapting them to the needs of the social economy is not an easy task.

The cross-sectoral nature of the social economy and the fact that it covers different types of entities are important challenges for public authorities, making it difficult to develop an effective approach. Single and clear entry points in public administrations are rare. Social economy entities often find it complicated to choose a legal form from diverse options not fully tailored to their needs.

Developing coherent frameworks for the social economy entails considering its specific nature and needs with regard to numerous horizontal and sectoral policies and provisions such as those relating to taxation, public procurement, competition, social and labour market, education, skills and training, healthcare and care services, Small and Medium-sized Enterprise (SME) support, circular economy, etc.

For example, **taxation** is an important policy for the social economy. Few countries have developed a specific and consistent taxation framework for social enterprises. Many provide incentives ranging from corporate tax exemptions on retained profits to VAT exemptions or reduced rates, social insurance costs reduced/covered by subsidies, or tax reductions for private and institutional donors²¹. However, access to these incentives can be complex and the different actions do not always benefit from appropriate coordination.

Sectoral public policies are also relevant for social economy entities as they are important partners for public authorities in the provision of **social, health and care services**. In

¹⁸ For example, the International Labour Organisation.

¹⁹ E.g. Jenkins, Hamish, Ilcheong Yi, Samuel Bruelisauer and Kamení Chaddha. *Guidelines for Local Governments on Policies for Social and Solidarity Economy*, UNRISD, Geneva, 2021, EU-OECD cooperation on social entrepreneurship (e.g. the [Better Entrepreneurship Policy Tool](#), policy briefs and in-depth policy reviews for Member States) and European Commission, *Social enterprises and their ecosystems in Europe - Comparative synthesis report*, by Borzaga C., Galera G., Franchini B., Chiomento S., Nogales R. and Carini C., Luxembourg, 2020.

²⁰ SWD (2021) 373.

²¹ European Commission, *Social enterprises and their ecosystems in Europe - Comparative synthesis report*, by Borzaga C., Galera G., Franchini B., Chiomento S., Nogales R. and Carini C., Luxembourg, 2020, p. 177.

view of ageing demographics the care economy is expanding, providing job opportunities. However, workers providing services in these sectors (with a predominantly female workforce) face many challenges, in terms of low wages and precarious working conditions. The new European Care Strategy announced for 2022 will provide, among others, an opportunity for boosting the care economy raising the profile of the strong added value of the social economy in this sector, also to help improve working conditions.

When developing appropriate policy and legal frameworks, **public authorities need to take into account the diversity of the legal forms covered by the social economy.** While cooperatives, mutual benefit societies, foundations, associations and social enterprises have much in common, they nevertheless also have different objectives and modes of operating and face specific obstacles.

Within the social economy, **cooperatives** represent a well-established form of social economy business model. They are managed by producers, users or workers and are run according to the 'one member, one vote' rule²². They have proved to be versatile over time and across sectors, offering innovative solutions to societal challenges. Nevertheless, cooperatives report that their ownership structure makes it more difficult for them to benefit from equity investments. Specific financial and non-financial support can play a crucial role when cooperatives are set up in the context of worker buyouts²³ with a view to preserving jobs and the continuation of a viable economic activity.

Mutual benefit societies report that existing rules do not take sufficiently into account their not-for profit nature. For this reason **the Commission will raise awareness among national authorities of the specificities of the mutualist model** and the possibilities for reducing the administrative burden²⁴.

Foundations and associations in the social economy explain they encounter difficulties in enjoying the full benefits of the Single Market. For example, **associations** face constraints in operating their activities cross-border. This issue is addressed in the European Parliament draft report with recommendations to the Commission on a statute for European cross-border associations and non-profit organisations expected to be adopted soon²⁵. To better understand issues faced by associations, **the Commission will launch a study providing a comparative analysis of the legal regimes and landscapes of associations in the EU.**

²² An EU legal form for a European Cooperative Society was created in 2003 (Regulation (EC) No 1435/2003). It creates a form of European cooperative, helping cooperatives which have activities in more than one EU country. It also provides a legal basis for other companies wishing to group together. Council Directive 2003/72/EC supplementing the Statute for a European Cooperative Society with regard to the involvement of employees complements this Regulation.

²³ Worker buyouts can be an effective way out of company crisis and problems of generational transfer businesses.

²⁴ For instance, the Commission will explain how the administrative burden for mutual insurers may be reduced under the enhanced framework on proportionality proposed within the Solvency II review (COM(2021)581).

²⁵ Report based on Art. 225 TFEU (initiative legislative procedure), reference 2020/2026(INL), Committee on Legal Affairs – Lagodinsky report.

Similarly, **foundations** report issues with the tax treatment of cross border donations to public benefit organisations²⁶ in other Member States. Following the Treaty principle concerning the free movement of capital and non-discrimination²⁷ and relevant rulings of the European Court of Justice²⁸, donors have to produce a case-by-case comparability analysis²⁹ to benefit from favourable taxation rules for their cross-border donations. However, in practice, the procedures applied by Member States increase compliance and administrative costs and create uncertainty for both philanthropic entities and donors. The European Commission can open infringement procedures in cases where barriers to cross-border activities result from non-transposition, violation or wrongful implementation of EU law.

Since 2011, several Member States have put in place targeted **legal frameworks and policies** in relation to social enterprises and/or the social economy³⁰. In addition to contributing to their recognition, this has resulted in other positive developments in some cases, such as the creation of specific ministerial units and enhanced dialogue between stakeholders and public authorities. **In some countries labels or certification systems have been developed** which can benefit social economy entities and facilitate their access to specific policies and enabling specific treatment³¹. Successful reforms could serve as inspiration to other Member States.

The Commission has developed a number of tools and resources to support Member States and mutual learning among policy makers. The Commission is preparing together with the Organisation for Economic Cooperation and Development (OECD) guidelines on appropriate legal frameworks for social enterprises to be published in 2022. The Commission has also recently published a guide and a collection of good practices on socially responsible public procurement³². All this material and experience can help Member States improve their national and regional frameworks. Member States also have the opportunity to obtain tailored expertise through the Technical Support Instrument.

²⁶ Public benefit organisations are entities with a status enabling them to receive tax incentivised gifts from individuals and corporations, or receive tax relief directly in relation to their activities. For an entity to receive such a status, it must meet a number of requirements that can be separated into three broad categories: not-for-profit requirements, worthy purpose requirements and public benefit requirements (i.e. they benefit a large and inclusive enough section of the public). See OECD, *Taxation and Philanthropy*, OECD Tax Policy Studies No. 27, Paris, 2020.

²⁷ Confirmed in the following European Court of Justice rulings: judgment of 14 September 2006, *Centro di Musicologia Walter Stauffer*, C-386/04; judgement of 27 January 2009, *Persche*, C-318/07; judgement of 10 February 2011, *Missionswerk*, C-25/10.

²⁸ Judgment of 14 September 2006, *Centro di Musicologia Walter Stauffer*, Case C-386/04; judgement of 27 January 2009, *Persche*, Case C-318/07; judgement of 10 February 2011, *Missionswerk*, Case C-25/10.

²⁹ The process through which national tax authorities deal with the recognition of the equivalence of a public-benefit organisation based in other EU Member States.

³⁰ See European Commission, *Social enterprises and their ecosystems in Europe - Comparative synthesis report*, by Borzaga C., Galera G., Franchini B., Chiomento S., Nogales R. and Carini C., Luxembourg, 2020.

³¹ For example the French “solidarity enterprise of social utility” (ESUS) and the “social enterprise” status introduced by Bulgaria, Italy, Romania and Slovakia.

³² https://ec.europa.eu/info/policies/public-procurement/tools-public-buyers/social-procurement_en

The Commission will encourage mutual learning and provide guidance and support to Member States by:

- **Organising webinars and workshops** as of 2022 **for public officials based on mapping exercises, collection and exchange of good practices** in relation to various policy fields such as State aid, taxation, social investment, business transfers to employees, labels and certification systems, social impact measurement.
- **Publishing guidance on relevant taxation frameworks for social economy entities**, based on available analysis and input provided by Member States' authorities and social economy stakeholders.
- **Publishing guidance clarifying the existing rules on the tax treatment of cross-border public benefit donations** affecting foundations and associations and the implementation of the principle of non-discrimination with Member States.
- **Launching a study on national social economy labels/certification schemes** mapping those existing in Member States, identifying good practices and common features and criteria. It will also aim to provide a common approach and guidance to Member States and explore the possibility of voluntary mutual recognition.

While implementing these actions, with a view to providing a comprehensive approach to the social economy and facilitating its even development across the EU Member States and regions, the Commission will propose a **Council Recommendation on developing social economy framework conditions in 2023**. This will:

- Invite policy-makers to better adapt policy and legal frameworks to the needs of social economy entities.
- Provide recommendations in relation to specific policies such as employment policy, state aid, public procurement, taxation, research, education, skills and training, care and social services, providing financial and non-financial support tailored to all stages of the business lifecycle, and statistics.
- Highlight how institutional set-ups and stakeholder engagement can facilitate the work of social economy entities.

3.2. Social economy and State aid

Public financial support plays an important role in enabling the start-up and development of social economy actors. State aid control seeks to maintain a balance between this support and fair competition. Several challenges and opportunities stand out for social economy stakeholders.

One issue is that public authorities and recipients often do not make the most of existing State aid possibilities. Stakeholders report that public authorities often unnecessarily limit the amount of aid they give to social enterprises to the general *de minimis* threshold (EUR 200,000 on a period of 3 years) and do not consider other possibilities that would be in line with State aid rules, such as regional aid, risk-finance aid or aid to the recruitment of disadvantaged workers, where maximum amounts of aid are generally higher.

Furthermore, existing EU rules in relation to **services of general economic interest (SGEI)**³³ open up considerable possibilities for State aid. Entities can only benefit from this flexibility if they have been entrusted with a specific mission, i.e. the SGEI. However, public authorities do not always use this possibility to its full potential, for example in relation to the activities of social enterprises focusing on the provision of jobs for vulnerable people. The Commission will therefore facilitate access to relevant guidance on State aid and cover this theme in the webinars and workshops it will organise (see part 3.1).

A second issue is that social economy stakeholders report that the size of existing State aid support available to them is not always adequate, in particular with regards to aid for access to finance and subsidies for the recruitment of disadvantaged workers regulated by the **General Block Exemption Regulation (“GBER”)**³⁴. There is indeed evidence showing that social enterprises generally have greater difficulty in accessing finance than standard enterprises (see section 4.2).

The Commission will, in the revision of the GBER that will take place in view of its expiry at the end of 2023, consider whether the available evidence justifies easing the rules in relation to aid for social enterprises’ access to finance and as regards aid for hiring disadvantaged or severely disadvantaged workers.

The Commission calls on Member States to make better use of their margin of discretion in defining a SGEI wherever appropriate, with a view to allowing qualifying activities carried out by social enterprises to be covered. In addition, Member States should further invest in training and capacity building for their administrations with a view to increase their level of knowledge about State aid rules.

3.3. Better access to markets: socially responsible public procurement

Supplying goods and services to and cooperating with both public authorities and mainstream enterprises is key to the development of the social economy. It generates revenues and enables them to become financially self-sufficient. As **public procurement represents 14% of European GDP**³⁵, it is largely recognised as a key policy tool supporting the development of the social economy and social enterprises.³⁶

The 2014 overhaul of the EU public procurement rules³⁷ created many opportunities for public authorities at all levels to use public procurement to achieve various policy objectives, including fostering environmental protection and pursuing social objectives. For example, the rules specifically mention social aspects as being amongst the factors which can be included in award criteria on the basis of the

³³ Notably Commission Decision [2012/21/EU](#) of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest.

³⁴ Commission Regulation (EU) No [651/2014](#) of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

³⁵ See COM (2017) 572 final, p. 3.

³⁶ Varga E., *How Public Procurement Can Spur the Social Economy*, Stanford Social Innovation Review, 2021.

³⁷ Directive [2014/24/EU](#) of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive [2004/18/EC](#).

‘most economically advantageous tender’ criteria. Since then, the Commission has undertaken several initiatives to raise awareness of the added value of green and socially responsible public procurement, provide guidance and disseminate good practices. For example, the Commission recently published a revised “Buying Social” guide³⁸ with practical tips and examples.

In recent years, some local and regional authorities and cities have realised the power of strategic public procurement to meet societal challenges/needs and drive systemic change. **However, most public tenders are still awarded based only on the price criterion** and socially responsible public procurement is still far less known and developed than green public procurement. The Commission will step up its efforts to highlight the concrete benefits and ways of using public procurements and concessions procedures to achieve labour and social policy objectives, better working conditions, and deliver high quality social services.

In parallel, it is important to enhance the capacity of social economy entities to bid for public procurements and facilitate the access of social economy actors to private procurement. Interactions with mainstream businesses help social economy entities develop and grow and such cooperation has increased. However, there is scope for more systematic integration in mainstream businesses’ value chains and partnering with them to bid jointly for public procurement, also through piloting new projects within the Single Market Programme.

The Commission will:

- **Reinforce its efforts to raise awareness, foster the exchange of good practices and train both public procurement officials and social economy entities** on how to use public procurements and concessions procedures to achieve social policy objectives. To this end, workshops will be organised in Member States.
- **.Launch a new initiative under the Single Market Programme in 2022 supporting the creation of local and regional partnerships** between social economy entities and mainstream businesses, enabling a ‘buy social’ business to business market.
- **Enhance the use of social clauses in the Commission’s own tendering procedures** whenever possible.

In addition, the Commission will issue a report to enhance the use of socially responsible public procurement in Member States.-

The Commission calls on Member States and other competent public authorities to foster and monitor the uptake of socially responsible public procurement in their territory in cooperation with social economy stakeholders.

3.4. Promoting the social economy at regional and local levels

Social economy business models bring value to local economies and societies by fostering their inclusiveness, resilience and sustainability. They have strong local roots and primarily aim to serve the community where they are based, retaining population, economic activities and revenues locally. As such, they contribute to drive local economic development in sectors specifically relevant to the regions, for example in rural

³⁸ <https://ec.europa.eu/docsroom/documents/45767>

areas, in relation to agriculture and organic food production or in the blue economy. They foster short value chains facilitating local production and consumption, and support climate action and the circular economy. They also contribute to the provision of social services that are often limited in rural and more remote areas.

As announced in the **Long term vision for EU's rural areas**³⁹, the Commission will undertake a series of actions which will enable entrepreneurs and small businesses to move to rural areas and contribute to their adaptation to the changing economic environment, provide opportunities to innovative business practices, cooperate and cluster as well as develop new sectors of the economy. A specific focus will be placed on short supply chains of agri-food products, directly linking producers to consumers and complemented by actions developing employment and learning opportunities for young people and the sustainable development of the bioeconomy.

Many European regional and local authorities have powers to develop strategies and instruments to support the development of local and regional social economy ecosystems. There is scope to better capitalise on this potential⁴⁰.

Exchange and cooperation between regional and local authorities is an effective way of enhancing mutual learning on the social economy. This is true in particular for cross-border cooperation. **Support is available under the European Social Fund Plus (ESF+), the European Regional Development Fund (ERDF) and the Just Transition Fund** to help local and regional authorities strengthen cooperation with social economy actors, also as part of smart specialisation strategies. The **Just Transition Platform** provides an active exchange platform for all stakeholders in regions particularly affected by the climate transition, including social economy actors⁴¹. In addition, the Commission **supports peer learning, cooperation and community building among regions and local authorities**. For example, the **European Social Economy Regions initiative** and the **Social Economy Missions**⁴² have raised the profile of the social economy at local level and financially supported the organisation of mutual learning sessions with local authorities and social economy stakeholders. This work is further supported by local initiatives such as the EU Covenant of Mayors.

The Commission will further develop these initiatives supporting transnational cooperation with a focus on enabling a just green and digital transition (see section 4.3). It will also **encourage the use of the Interreg Europe Programme and the Smart Specialisation partnership for social economy**⁴³ to foster cross-border and interregional exchanges.

The Commission will:

- **Support Member States and stakeholders to boost the social economy and social innovation in rural areas through the future EU network for the Common Agricultural Policy and further integrate the Clusters of Social and Ecological**

³⁹ COM(2021) 345 final.

⁴⁰ OECD, *Regional Strategies for the Social Economy: Examples from France, Spain, Sweden and Poland*, Paris, 2020.

⁴¹ See https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/finance-and-green-deal/just-transition-mechanism/just-transition-platform_en

⁴² See https://ec.europa.eu/growth/sectors/social-economy-eu_en

⁴³ See <https://s3platform.jrc.ec.europa.eu/social-economy>

Innovation (CSEI)⁴⁴ in European industrial cluster policy to provide guidance, support research and new capacity building, exchange of good practices and cross-border networking.

- Expand the **European Social Economy Regions network** to reinforce new regional and local partnerships in particular to boost digital and green transitions in territories.
- **Enhance networking between rural businesses** through the Enterprise Europe Network, as well as through calls for inter-regional cooperation through the European Social Economy Missions. The Long Term Vision for Rural Areas will put a specific focus on entrepreneurship and social economy in rural areas.

The Commission calls on Member States to set up local social economy contact points playing the role of social economy ambassadors, providing peer to peer support, facilitating access to EU and national funding, and liaising with authorities managing European funds.

3.5. Promoting the social economy at international level

Climate change and environmental degradation, demographic changes and economic and social inequalities are global challenges. The EU and third countries share common objectives, embedded in the 2030 Agenda for Sustainable Development. The social economy can help achieve these objectives both within and outside the EU. Therefore, **the actions announced in the other sections of this Plan can also inspire support for the social economy in non-EU countries.**

The degree of development of the social economy varies significantly across third countries. Some have long-standing traditions in certain areas of the social economy. Others have flourishing social innovation or social enterprise ecosystems, but in many social economy models are only beginning to emerge. Stakeholders can benefit from sharing experience and good practices, which can help accelerate reforms.

Over the past decade, **EU international cooperation policy has supported the development of the social economy.** For example the EU partnership with the International Cooperative Alliance⁴⁵ has improved the visibility of and research on cooperatives worldwide, as well as facilitated capacity building and networking. The Commission has also funded several regional capacity building programmes supporting and strengthening the social economy and social entrepreneurship ecosystems⁴⁶.

There is also scope to **strengthen dialogue and collaboration on the social economy with key international partners** such as the OECD, the UN Task Force for Social and Solidarity Economy and the International Labour Organization. This will both help raise the profile of the social economy beyond EU borders and allow better sharing of available policy guidance and tools developed by the European Commission, in

⁴⁴ CSEI gather social economy entities, local authorities and education and research institutions in a jointly managed structure or project. They cooperate in a particular geographical area to improve local economic, social and environmental prosperity. Their fields of activity are diverse and range from circular economy to employment and job inclusion, sustainable agriculture, or incubation and social entrepreneurial support. See https://ec.europa.eu/growth/industry/policy/cluster_en.

⁴⁵ <https://www.coops4dev.coop/en>

⁴⁶ For example, the [MedUP! project](#) and the [Safir project](#) in the Southern Mediterranean.

particular in cooperation with the OECD. **The Commission will build on those initiatives and further promote the social economy on the international scene.**

In particular, the Commission will:

- **Promote the targeting of social economy and social entrepreneurship in the programmes under the Instrument for Pre-accession Assistance and the Neighbourhood, Development and International Cooperation Instruments**, for example by engaging with EU delegations and public authorities in non-EU countries, to facilitate the development of dedicated measures for the social economy.
- **Improve access to finance for social entrepreneurs in the Western Balkans, the Eastern Partnership and Southern Neighbourhood**, by launching actions to boost grassroots initiatives and support intermediaries to develop financial products adapted to the needs of social economy entities.

The Commission encourages public authorities in non-EU countries to make use of freely available policy guidance and tools on social economy provided by the European Commission in cooperation with the OECD and the ILO⁴⁷.

4. OPENING UP OPPORTUNITIES FOR SOCIAL ECONOMY ENTITIES TO DEVELOP

4.1. Business support and capacity building

Most social economy entities have a strong entrepreneurial dimension and make a considerable contribution to sustainable growth and jobs. They engage in market exchanges and generate revenues from the sale of goods and services. Whilst many wish to remain small and local, some may wish to expand to other markets in the EU and beyond. Therefore, they can benefit from business development support to scale-up and develop. However, existing support schemes do not always consider the special features of their business models in terms of governance, profit allocation, working conditions and societal impact. Furthermore, employees, including those from disadvantaged groups, have important upskilling and reskilling needs as in other parts of the economy. In the context of an ageing workforce and increasing brain drain, intergenerational knowledge transfer and senior entrepreneurship can play an important role.

Social economy business models can influence and create spill-overs to mainstream business. A growing number of mainstream businesses are moving closer to social economy goals. For example, ‘benefit corporations’ and ‘impact enterprises’ incorporate sustainable ambitions in their missions, while other enterprises are adopting ad hoc measures to improve transparency and engage more actively with communities. This and the gradual incorporation of environmental, social and corporate governance (ESG) criteria in the governance of mainstream businesses and the investment policies of financial institutions and investment funds, are creating new opportunities for cooperation and cross-fertilisation as well as access to new markets. The Commission

⁴⁷ E.g. policy briefs on social economy topics, international guides on legal forms and social impact measurement, and the Better Entrepreneurship assessment tool for policymaking, see <https://www.oecd.org/cfe/leed/social-economy/social-entrepreneurship.htm>. ILO has issued an information guide to [ILO recommendation No. 193](#) on “Promoting cooperatives” and will devote the 2022 edition of the International Labour Conference (ILC) to “Social and Solidarity Economy (SSE) for a human-centred future of work”.

will also reinforce the **interactions between social economy entities and mainstream businesses** by promoting best practices such as in the field of social intrapreneurship⁴⁸.

Given the **transversal nature of the social economy**, schemes addressing innovation, investment readiness, business internationalisation, rural development, and circular economy are relevant to them, even if often addressed to SMEs in general⁴⁹. However, relevant information tends to be scattered and challenging to tap into. Even when dedicated initiatives exist, social economy stakeholders frequently are not sufficiently aware of them or find them complex. Representative networks and entrepreneurship networks can help, but such networks do not exist in all countries.

The Staff Working Document accompanying this action plan⁵⁰ provides an overview of relevant EU programmes and funding in the period 2021-2027. EU funding such as the European cohesion policy funds, are implemented at national and regional levels. Further funding sources are available at national, regional and local level, as well as from private actors. Navigating this landscape can be difficult, particularly for small entities.

Therefore, the Commission will:

- Under the Pact for Skills, **facilitate the setting up of a skills partnership** for the Proximity and Social Economy industrial ecosystem, in the context of the Skills Agenda and the updated European Industrial Strategy. From 2022, dedicated hubs for networking, knowledge, guidance and resources will be put in place to support the signatories of the Pact in their efforts to offer upskilling and reskilling opportunities for people of working age.
- **Boost the scale-up and promote the internationalisation of the social economy** by mobilising European level business support networks and partnership platforms such as the Enterprise Europe Network⁵¹ and the European Cluster Collaboration Platform⁵².
- **Launch a new single EU Social Economy Gateway in 2023** to provide a clear entry point for social economy stakeholders, other relevant actors and individuals seeking information on relevant EU funding, policies, networks/platforms and initiatives. It will simplify access to existing support and enhance awareness about EU actions in this field. In addition, the Gateway will facilitate access to relevant capacity building initiatives and provide specific guidance on EU funding opportunities (trainings, workshops, webinars, practical guides and tools).

Guidance on EU funding opportunities will also be provided via the InvestEU Advisory Hub, the Enterprise Europe Network and the EU Social Services Helpdesk. For managing authorities of cohesion policy funds, guidance is available through the FI compass platform⁵³ that provides advisory support on financial instruments implemented under the shared management system.

⁴⁸ See, for example: <https://www.leagueofintrapreneurs.com/>

⁴⁹ Most social economy entities are SMEs.

⁵⁰ SWD (2021) 373, section 5.

⁵¹ <https://een.ec.europa.eu/>

⁵² <https://clustercollaboration.eu>

⁵³ <https://www.fi-compass.eu/>

With a view to broader capacity building, **the Commission will support the development of social economy representative networks**, in particular in EU Member States where social enterprises and social economy ecosystems are not developed to their full potential.

The Commission calls on Member States to encourage mainstream business incubators to extend their support to social economy entities, to improve business investment readiness support opportunities. The ‘Better Incubator’⁵⁴ pilot launched by the European Commission can serve as inspiration.

Broadening the appeal of entrepreneurship

Social entrepreneurship and the social economy can be particularly attractive among young people, persons with disabilities, with a migrant background, women and other under-represented entrepreneurs. Interestingly, the prevalence of female entrepreneurs is higher in social entrepreneurship than in conventional entrepreneurship⁵⁵ where women stand only for 30%⁵⁶. Raising awareness of these alternative business models could improve the appeal of entrepreneurship more generally and help labour market integration. **Younger generations** are demonstrating a high interest in sustainable development and, as a result, the social economy can be of interest to them. In recent years, entrepreneurship education has become more common in education systems. However, social economy business models, including the cooperative forms, are still far from being a standard component in all entrepreneurship education curricula and business courses.

The Commission will:

- **Launch a new Youth Entrepreneurship Policy Academy** in 2022 under ESF+. It will foster youth entrepreneurship, including for female and social entrepreneurs, by working with national policy makers and youth entrepreneurship networks.
- **Foster mutual learning between social economy entrepreneurs by better promoting the Erasmus for Young Entrepreneurs programme**⁵⁷ to social economy stakeholders.

The Commission will look into ways to foster synergies between different EU funding programmes to identify successful projects that could be potentially scaled up to social enterprises.

The Commission calls on higher education institutions to make full use of European instruments such as the European Universities⁵⁸ to stimulate social economy and entrepreneurship.

⁵⁴ <https://betterincubation.eu/>

⁵⁵ OECD, *Women's Social Entrepreneurship and Innovation*, by Huysentruyt M., Paris, 2014.

⁵⁶ <https://www.eib.org/en/publications/why-are-women-entrepreneurs-missing-out-on-funding-executive-summary>

⁵⁷ <https://www.erasmus-entrepreneurs.eu/>

⁵⁸ https://ec.europa.eu/education/education-in-the-eu/european-education-area/european-universities-initiative_en

4.2. Improving access to funding

Over the 2014-2020 programming period, it is estimated that at least EUR 2.5 billion were mobilised from the EU budget to support the social economy⁵⁹. Overall, **the Commission's ambition is to increase the level of support for the 2021-2027 period.** It is expected that more investment will be mobilised, thanks to a higher expected multiplier effect of InvestEU and to enhanced support for social impact and innovation. Other EU programmes will offer dedicated or indirect support for the social economy; these include for example the Employment and Social Innovation strand of the European Social Fund Plus, Horizon Europe, the Single Market Programme, Erasmus+, European Solidarity Corps, Creative Europe and the LIFE Programme. At national level, EU funding will be available notably via the Cohesion Policy Funds and the Recovery and Resilience Facility.

Following targeted support provided at EU and national level, notably through the European Programme for Employment and Social Innovation (EaSI)⁶⁰, more intermediaries and investors are aware of social economy entities, including social enterprises, and are providing repayable finance and business development support to address their needs. Ethical banks have played an important role in this regard. In addition, the European Social Entrepreneurship Funds (EuSEF) label⁶¹ allowed investors to easily identify funds that invest in social enterprises. Since the 2008 financial crisis, the micro-finance sector has also experienced considerable growth in the EU and neighbouring countries. Many micro-finance institutions are part of the social economy, with a dedicated social mission to help individuals from vulnerable groups and with difficulties to access the traditional banking system to create businesses, thereby creating jobs for themselves and others. Overall, the use of financial products such as guarantees has proved to be an effective way of mobilising private finance for social enterprises from both mainstream and philanthropic investors.

Despite this positive development, an analysis of social enterprise finance markets revealed a persisting mismatch between the demand and supply of repayable finance for social enterprises in Europe, both in terms of access to debt and equity. In the field of social enterprise finance, the funding gap was estimated at almost EUR 1 billion per year across Europe⁶², while in the field of microfinance the gap was estimated at EUR 12.9 billion per year across the EU⁶³. There are considerable differences among and within countries. In general, there is still ample room to improve the tailored supply of funding for the various stages of the enterprise life-cycle (i.e. seed, start-up, scaling).

⁵⁹ This estimate only reflects support dedicated to the social economy. Other broad EU measures (e.g. supporting SMEs or innovation) benefited the social economy but are not reflected in these amounts.

⁶⁰ A comprehensive package of measures aimed at enabling access to finance for social enterprises was launched under the EaSI programme during 2014-2020. Support included loan guarantees, equity investments to build the capacity of financial intermediaries, grants for building social finance markets and for lowering transaction costs of investments, as well as advisory support.

⁶¹ Regulation (EU) No 346/2013 on European social entrepreneurship funds.

⁶² European Commission, *Social enterprise finance market: analysis and recommendations for delivery options*, by Spiess-Knafl W. and Scheck B, Luxembourg, 2019.

⁶³ European Commission, *Microfinance in the European Union: Market analysis and recommendations for delivery options in 2021-2027*, Luxembourg, 2020.

Therefore, the Commission will:

- **Launch new financial products in 2022 under the InvestEU programme aimed at mobilising private financing** targeted at the needs of social enterprises at different stages of development. This will include guarantees to enable access to credit for social enterprises and microenterprises, equity and quasi-equity investments in social enterprises and impact-driven enterprises, as well as capital investments in financial intermediaries⁶⁴. The InvestEU Advisory Hub will provide support for financial intermediaries⁶⁵.

Foundations are part of the social economy and they also play an important role in providing grant funding for the social economy, social innovation and other EU policy objectives. There is a growing interest among philanthropic actors to make mission related investments, including into social economy organisations. To tap into this potential, **the Commission is assessing the launch of dedicated co-investment mechanisms with foundations and philanthropic organisations around target mission areas**, with the aim of channelling additional capital towards sustainability, inclusion, social innovation, housing and homelessness, media pluralism, and developing social impact ecosystems. In its Media and Audiovisual Action Plan⁶⁶, the Commission has already announced the creation of an equity-based pilot through InvestEU to support the news media sector.

Depending on market interest, the InvestEU Advisory Hub may support the setting-up of cross-border investment platforms that would group together partners interested in investments in the social economy.

To complement the key action above, the Commission will:

- In cooperation with the InvestEU implementing partners, **ensure that InvestEU financial intermediaries providing finance to social enterprises are easy to identify by potential beneficiaries**, including through the InvestEU Portal and the Social Economy Gateway.
- **Complement financial instruments with grant support for building social enterprise finance markets** in Europe by supporting the setting up of new financial instruments and investment readiness programmes.
- **Complement equity investment instruments with grant support** aimed at lowering transaction costs for risk-capital investments into social enterprises.
- **Support EU networks active in the areas of microfinance and social enterprise finance** with the aim of improving awareness and signposting to EU funding, improving the capacity of member organisations, and providing research and data.

⁶⁴ In addition to the financial products listed in this action, the Commission will assess on a regular basis the market gaps and suboptimal investment situations faced by social economy entities both in terms of debt and equity, and develop, where required, market testing and, if conclusive, innovative pilot financial products.

⁶⁵ Eligible financial intermediaries are listed in section 6.4.2.1. of Commission Delegated Regulation (EU) 2021/1078 of 14 April 2021 setting out the investment guidelines for the InvestEU Fund.

⁶⁶ COM(2020) 784 final.

In addition to developing new instruments, Member States have the potential to introduce systemic measures to boost the funding available. Existing initiatives include the option for employees to contribute to socially oriented pension funds and saving schemes.

Furthermore, **an improved understanding and uptake of social impact measurement methodologies** can enable the social economy to communicate its impact and access impact-driven finance more easily. Numerous methodologies exist, but social economy entities report that the diversity of tools and resources available can be daunting and difficult to navigate, especially for smaller or less experienced entities. Approaches to social impact measurement should be well thought through, proportionate and adapted to the diversity of players, size and stage of development.

The Commission will:

- **Support the development of social impact measurement and management** by mapping and reviewing existing practices and launching trainings for social economy stakeholders, to improve understanding and facilitate uptake of such practices. In addition, the Commission will work with stakeholders to develop simple standard methodologies for assessing social impact for the social economy actors in the EU in 2023.

The draft report of the Platform on Sustainable Finance argues that, in the face of a pandemic and unanswered social questions around a sustainable transition, it is important to identify economic activities and entities that contribute to advancing social objectives. The Platform indicates that common guidance on a social taxonomy could increase transparency of investments and prevent social washing. As required under the Taxonomy Regulation and as indicated in the action plan on the European Pillar of Social Rights, **the Commission will prepare a report on the possible extension of the EU Taxonomy for Sustainable Finance to social objectives.**

4.3. Maximising the contribution of the social economy to the green and digital transitions

The European Union aspires to become the first climate-neutral continent by 2050 while leaving no one behind. This, and the need to halt biodiversity loss, reduce pollution and improve sustainable use of natural resources, are at the heart of the European Green Deal. The Commission has proposed a set of legislative measures⁶⁷ to reduce greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. Moreover, as part of the European Green Deal, the Commission launched the European Climate Pact⁶⁸ supporting climate pledges by citizens and organisations with direct benefits also to the social economy.

In addition, the European digital transition aims to empower people and businesses to embrace a human centred, sustainable and more prosperous digital future⁶⁹. In particular, one of the targets of the Action Plan for the European Pillar of Social Rights is that at least 80% of those aged 16-74 should have basic digital skills.

⁶⁷ COM (2021) 550 final.

⁶⁸ COM (2020) 788 final.

⁶⁹ COM (2021) 118 final.

Social economy contributes to the green transition by developing sustainable practices, goods and services for industrial development, for instance in the fields of circular economy, organic agriculture, renewable energy, housing and mobility. By doing so, it also increases the acceptability of behavioural changes which contribute to climate mitigation. **Many of these solutions are inclusive, addressing those most impacted by, or with more difficulties to adapt to, the green transition,** for example through training and reskilling workers, by providing job opportunities in areas that are mindful of the environment, and by developing products and services that cater to the needs of local communities. This is a crucial contribution, as the area of adaptation receives little attention from commercial enterprises.

Social economy entities seeking to achieve both social and environmental impacts, report the need for support to identify and adopt greener practices, build capacity and knowledge, including about funding opportunities for environmental goals.

The social economy is equally an important proponent of a fair and inclusive digital transition. For instance, social economy actors working on "Tech4good" deploy digital technologies (e.g. Distributed Ledger Technology, big data, artificial intelligence, assistive technology) to achieve green or social impact⁷⁰. Within the social economy, new digital business models are emerging, for example in the collaborative and platform economy. Platform cooperatives are an example of participatory-governed businesses which use digital platforms to facilitate citizen engagement and the selling of locally produced goods and services, aiming to achieve better working conditions for their members. More broadly, digital technologies can act as a lever by facilitating the replication and scale-up of successful social economy initiatives across Member States and the Single Market. Furthermore, digital technologies can help to improve work processes in social economy entities. Data processing, management and collection are not yet widespread practices within social economy entities. At the same time, pioneering digital social enterprises are enabling digital transitions by making technology adaptable, affordable and accessible for example through digital commons and open source technologies.

Enabling the social economy business models as agents of the green transition and addressing their needs in terms of digital uptake, inclusive technology solutions and data access, will be key for their recovery post-COVID and their long-term resilience.

The Commission will:

- **Launch a transition pathway for the “Proximity and social economy” industrial ecosystem** to further work with public authorities and stakeholders for a strengthened and more resilient social economy ecosystem in the green and digital transitions. The transition pathway will also contribute to the implementation of the action plan in this area⁷¹.
- **Support transnational cooperation to boost the capacity of the social economy to adopt and develop greener practices, products and services, and to improve their digital capacities.**

⁷⁰ Calderini M., Chiodo V., Gerli F., Pasi G., *Social-Tech Entrepreneurs: Building Blocks of a New Social Economy*, Stanford Social Innovation Review, 2021.

⁷¹ See SWD (2021) 982.

- Launch an action on **innovative financing in the New European Bauhaus Lab** aiming at creating a pilot project for mobilising philanthropic contributions.
- **Develop a code of conduct on data use and management in the social economy, in cooperation with stakeholders** to support the uptake of data and technology.

In addition, the Commission will **ensure relevant business support structures at European level share experience as to how to provide tailored support to social economy entities**. This will include the Digital Transformation Accelerator under the European Digital Innovation Hubs programme and the Enterprise Europe Network.

As the social economy has strong local roots, there is scope for public authorities, civil society, social economy stakeholders and mainstream business to develop local green deals and pool resources for investment and innovation at local and regional level to ensure a just transition with local benefits.

The Commission will:

- **Work with cities to develop Local Green Deals or green citizenship actions**, by reinforcing the involvement of social economy actors and communities in the EU Covenant of Mayors, the European Urban Initiative, the Intelligent Cities Challenge Initiative, and the Circular Cities and Regions Initiative, the Just Transition Platform, the New European Bauhaus and the European Climate Pact.

The contribution of the social economy is particularly remarkable for the development of a circular economy⁷² where it is pioneering activities and business models that retain the value of products and materials for as long as possible, reduce waste, provide cost-saving opportunities to citizens and create local jobs, especially in repair, reuse, sharing and recycling activities. This potential can be further promoted by raising awareness of the scope for greater uptake of these practices and reinforcing partnerships with mainstream businesses along value chains and public-private partnerships involving public authorities, research institutes, industry and social economy entities.

The Commission will:

- **Issue guidance on how to support uptake and partnerships for the circular economy between social enterprises and other actors, including mainstream businesses**, and raise awareness of the social economy **in the context of the European Circular Economy Stakeholder Platform, Enterprise Europe Network and other networks**.

Social economy partners play a key role in the provision of social housing, cooperative housing and urban development strategies. In this regard, they are confronted with an annual investment gap of EUR 57 billion⁷³, which has negative consequences in terms of enabling access to housing and the greening of the EU housing stock. Through the **Affordable Housing Initiative**⁷⁴, the Commission will enhance the renovation capacity

⁷² COM (2020) 98 final and upcoming OECD policy brief *Supporting the social economy's contribution to the circular economy for a green and inclusive transition* (publication expected early 2022).

⁷³ European Commission, *Boosting Investment in Social Infrastructure in Europe. Report of the High-Level Task Force on Investing in Social Infrastructure in Europe*, by L. Fransen, G. del Bufalo and E. Reviglio, Luxembourg, 2018.

⁷⁴ https://ec.europa.eu/growth/sectors/social-economy-eu/affordable-housing-initiative_en

in social and affordable housing by mobilising cross-sectoral partnerships to pilot 100 renovation districts and by promoting qualitative, liveable, accessible, affordable homes.

The Commission calls on the EU Member States and regions to engage with the social economy in the development of their strategies in the framework of the green and digital transitions, and to make better use of existing funding to enable the green and digital transitions of the social economy.

4.4. Boosting social innovation

Social innovation offers new ways of producing goods, organising and delivering services and new forms of civic participation responding to concrete social needs or societal challenges⁷⁵. It changes social relations and can offer new policy approaches, potentially leading to systemic changes. By operating in a bottom-up way and being close to communities, citizens and the problems they face, social economy entities have the capacity to find innovative solutions⁷⁶.

In recent years, the Commission has launched various initiatives to promote social innovation (e.g. through Horizon 2020 including the European Social Innovation Competition, EaSI Programme or ESF). Support for Social Outcomes Contracting has also been provided as a way of experimenting social innovation and finance⁷⁷. The Commission will continue with these initiatives and build a European community of social innovators to foster peer learning and joint entrepreneurial ventures, expanding on the Alumni Network of the European Social Innovation Competition.

However, scaling social innovations remains a challenge, including succeeding in having them taken up by policy makers, finding partners in other territories, either nationally or abroad, and adapting the solutions developed elsewhere to local conditions. This results in missed opportunities to achieve systemic impact and realise the full potential of the initial investment (often including public funding). The Commission is supporting the setting up of national competence centres for social innovation in order to boost the innovation capacities including of social economy actors and new social entrepreneurs⁷⁸. There is also scope for enhancing collaborations between the public sector, philanthropic and social investment actors, to better catalyse available resources and enable the uptake and replication of social innovation.

The Commission will:

- Boost social innovation through a new approach to transnational cooperation under the ESF+. **A new “European Competence Centre for Social Innovation”** will be set up in 2022. It will organise mutual learning and capacity building for relevant authorities and support structures. In addition, a new scheme of grants facilitating the transfer and/or scaling up of social innovation will be set up.
- **Propose in 2022 a European Social Innovation Catalyst Fund** under Horizon Europe engaging citizens, academics, entrepreneurs, philanthropists, impact investors

⁷⁵ <https://eusic.challenges.org/the-european-social-innovators-insight-report/> 2021

⁷⁶ Examples can be found in European Commission, *Social innovation: inspirational practices supporting people throughout their lives*, Luxembourg, 2020.

⁷⁷ <https://eah.eib.org/about/initiative-social-outcomes-contracting>

⁷⁸ <https://ec.europa.eu/european-social-fund-plus/en/social-innovation-and-transnational-cooperation>

and public administrators, with the aim of supporting the replication and scaling of successful social innovations to advance the objectives of the five EU Missions⁷⁹.

In addition, the Commission will **provide grants under Horizon Europe** to raise awareness and ease the access of social entrepreneurs to the resources of pan-European, national, regional and local innovation ecosystems.

5. ENHANCING RECOGNITION OF THE SOCIAL ECONOMY AND ITS POTENTIAL

As illustrated by countries where it is most advanced, making the social economy more visible, including through the collection of appropriate data and statistics, is key to its recognition and development.

Since 2011, the Commission has contributed to raising the visibility and profile of the social economy, social enterprises and social innovation across the EU through various actions, in particular with regard to funding or research⁸⁰. In Member States as well, public authorities and stakeholders have adopted interesting initiatives to boost the visibility and understanding of the social economy, including specific labels and certification mechanisms, or large-scale communication campaigns.

Evidence shows that **the general public, including young and disadvantaged people, social partners, stakeholders and funders, still have an insufficient awareness of the positive impact of the social economy**⁸¹. As this affects the development of relevant support policies and market opportunities, boosting the visibility of the social economy needs to remain a priority. The Commission will use this Action Plan to engage with relevant stakeholders at all levels to maintain momentum.

The Commission will:

- **Carry out regular communication activities under a long-term communication approach emphasizing the role and specificities of the social economy**, also in cooperation with social economy stakeholders.

The Commission also encourages the organisation of regular social economy summits hosted by Member States and other actors.

Having relevant data and statistics is also key to making social economy business models better understood and ensuring evidence-based policy. However, **existing data on the social economy are often scarce, incomplete and difficult to compare**. For example, only a few Member States have adapted their national accounting systems to collect supplementary data ("satellite accounts") on the social economy, despite the financial support available from the EU budget. As a result, statistics on the size, workforce,

⁷⁹ https://ec.europa.eu/info/research-and-innovation/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe/missions-horizon-europe_en.

⁸⁰ Examples include a label for European social entrepreneurship funds (Regulation (EU) No 346/2013), the 2020 European Commission comprehensive mapping study of social enterprises and their ecosystems in Europe, as well as the European Social Innovation Competition (<https://eusic.challenges.org/>).

⁸¹ European Commission, *Impact of the Commission's Social Business Initiative (SBI) and its follow-up actions*, by Haarich, S., Holstein, F., Spule, S., Galera, G., Franchini, B., Borzaga, C., Chiomento, S., Spiess-Knafl, W., Scheck, B., Salvatori, G., Luxembourg, 2020.

development and challenges of the social economy are missing. At EU level, a few comparative, but non-exhaustive, data collection exercises have provided estimates but would require updating⁸². Data is also lacking on the potential size and weight of philanthropic donations and the potential to leverage this kind of private investment to further social economy and other EU policy goals. The Commission will therefore continue to support evidence-based policies, by mapping, collecting and analysing quantitative and qualitative information on the social economy in all Member States. This will also contribute towards monitoring the Proximity and Social Economy industrial ecosystem.

The Commission will:

- **Launch a new study to collect quantitative and qualitative information on the social economy covering all EU Member States.**
- **Launch a specific study on philanthropic donations in the EU.**

Finally, **academic interest in the social economy** has grown, but dialogue and cross-fertilisation of ideas with the policy-making world could be improved. The Commission will seek to facilitate such exchanges.

6. THE WAY FORWARD

During the last decade the Commission has taken significant steps to boost the development of the social economy and social enterprises as part of the European social market economy. The past achievements need to be consolidated and enhanced so that the EU can meet the needs and reap the opportunities stemming from demographic challenges and the green and digital transitions, while building a fair, inclusive and resilient economy as a long-term answer to the consequences of the Covid-19 crisis.

This action plan provides a European framework until 2030 to further support the development of the social economy. It sets out a series of actions to be put in place in conjunction with the implementation of the European Pillar of Social Rights Action Plan and achievement of its employment and poverty reduction targets.

The Commission will highlight the potential of the social economy to create jobs and foster social cohesion in the context of the European Semester process and Member State implementation of the Employment Guidelines.

The action plan was developed **in cooperation with social economy stakeholders**, and its implementation will equally require their commitment and cooperation at all levels – EU, national, regional and local, and international.

Successful implementation will also depend on joining forces with Member States. **The Commission encourages Member States to adopt or update their social economy strategies and measures in cooperation with social economy stakeholders.** To this end, **it calls on them to designate social economy coordinators** in their institutions for

⁸² See, for example, European Economic and Social Committee, *Recent evolutions of the Social Economy in the European Union*, by Monzon J. L. and Chaves R., 2017 and European Commission, *Social enterprises and their ecosystems in Europe - Comparative synthesis report*, by Borzaga C., Galera G., Franchini B., Chiomento S., Nogales R. and Carini C., Luxembourg, 2020.

leading their strategies, for ensuring consistent policy-making across government departments, and for facilitating access to EU and national funding and liaising with authorities managing structural funds.

The Commission will assist Member States in the definition of their strategies and measures for the social economy and support the work of social economy coordinators with a view to the implementation and follow-up on this action plan.

The Commission will also work in close partnership with other EU institutions and bodies, namely the European Parliament, the Committee of the Regions and the European Economic and Social Committee, and the European Investment Bank Group.

The Commission invites social economy stakeholders, EU institutions and bodies to endorse this Action Plan and actively contribute to its implementation with the direct involvement of social economy stakeholders. It will work with its expert group on social economy and social enterprises which will be renewed at the end of the current mandate.

The Commission will take stock of the implementation of the action plan in 2025 and publish a report indicating progress and new developments.

KEY COMMISSION ACTIONS AND TIMELINE FOR THEIR IMPLEMENTATION

Propose a Council Recommendation on developing social economy framework conditions. (see section 3.1)	2023
Organise webinars and workshops for public officials in relation to various policy fields with relevance for the social economy. (see section 3.1)	2022, 2023
Launch a new initiative under the Single Market Programme supporting the creation of local and regional partnerships between social economy entities and mainstream businesses, enabling a ‘buy social’ business to business market. (see section 3.3)	2022
Improve access to finance for social entrepreneurs in the Western Balkans, the Eastern Partnership and Southern Neighbourhood , by launching actions to boost grassroots initiatives and support intermediaries to develop financial products adapted to the needs of social economy entities. (See section 3.5)	2023
Launch a new single EU Social Economy Gateway to provide a clear entry point for social economy stakeholders, other relevant actors and individuals seeking information on relevant EU funding, policies and initiatives. (see section 4.1)	2023
Launch a new Youth Entrepreneurship Policy Academy , which will foster youth entrepreneurship, including for female and social entrepreneurs by working with national policy makers and youth entrepreneurship networks. (see section 4.1)	2022
Launch new financial products under the InvestEU programme aimed at mobilising private financing targeted at the needs of social enterprises at different stages of development. (see section 4.2)	2022
Support the development of social impact measurement and management to assist social economy actors in the EU. (see section 4.2)	2023
Launch a transition pathway for the “Proximity and social economy” industrial ecosystem to further work with public authorities and stakeholders on the implementation of the action plan in this area. (see section 4.3)	2022
Boost social innovation through a new approach to transnational cooperation under the ESF+ and the setting up of a new “European Competence Centre for Social Innovation” . (see section 4.4)	2022