



Questions and answers: the Social Economy Action Plan

Brussels, 9 December 2021

What is the social economy?

There are 2.8 million social economy entities in Europe that employ 13.6 million people and which offer solutions to key challenges in our societies. Social economy organisations are entities which put social and environmental purposes before profit ("people and planet first"). They reinvest most of their profit back into the organisation or a social cause, and have a democratic or participatory form of governance ("bottom-up").

The **social economy** includes a variety of businesses, organisations and legal entities, such as social enterprises, cooperatives, mutual benefit societies (a specific type of collective insurance), non-profit associations and foundations. They operate in many economic sectors, such as social services, health care, social housing, affordable and renewable energy, circular economy, agriculture, financial and insurance activities, culture, media and recreation.

Here are some examples of social enterprises, supported by the [European Programme for Employment and Social Innovation \(EaSI\)](#):

- In Austria, the social enterprise Sign Time is leading the SiMAX project for developing a digital technology which provides real-time sign language translation and removes communication barriers for people with hearing disabilities.
- The HomeLab project developed and tested Social Rental Enterprise (SRE) models for integrated housing and labour services for marginalised groups in Czechia, Hungary, Poland and Slovakia.
- In France, Makesense Seed is a fund to support early-stage social enterprises with investments of up to €500,000.

What is the Social Economy Action Plan and why do we need it?

The social economy has an important untapped economic and job creation potential. It can play a key role in a fair and inclusive recovery from the pandemic, as well as in the green and digital transitions.

Social economy organisations create and retain quality jobs, and contribute to social and labour market inclusion. They drive sustainable economic development, promote the active participation of citizens, and play an important role in Europe's welfare systems.

To realise its full potential, it is important to raise the social economy's visibility and create an environment that enables the social economy to thrive and grow.

The Action Plan focuses on three main areas:

1. **Creating the right conditions for the social economy to thrive**

The Action Plan proposes measures to help design regulations and policies that are better adapted to the social economy at all relevant levels, thereby creating an enabling framework for the social economy to thrive.

2. **Opening opportunities for social economy organisations to start up and scale up**

The Action Plan will open up new opportunities for the social economy, for example by facilitating access to funding, business support, and networks.

3. **Making sure the social economy and its potential are recognised**

The Action Plan aims to increase the recognition of the social economy and its potential, by making it more visible through research, evidence gathering and communication activities.

Who can benefit from the Social Economy Action Plan?

Social economy entities will benefit from the Action Plan as it aims to improve their visibility and recognition, support the development of enabling policy and legal environments, and make it easier to access funding and business support. The Action Plan will help make the social economy better known and understood, including among young people, investors and public authorities.

More generally, the social economy has a wider societal impact and potential, for instance by contributing to social and labour market inclusion. The social economy therefore contributes to implementing the [European Pillar of Social Rights Action Plan](#), including its three 2030 EU headline targets, for instance the increase of the employment rate to 78% and the reduction of the number of people at risk of poverty and social exclusion by at least 15 million.

How will the Action Plan help make the economy work for people?

Paid employment in the social economy varies between 0.6% and 9.9% amongst Member States. Therefore, the social economy has a significant untapped potential for job creation in many countries. The Action Plan will help social economy entities to scale up their impact and activities, including across EU borders, for example, by facilitating access to business support and funding.

Boosting the social economy is also a way to create more jobs. The social economy employs some 13.6 million people in the EU and makes an important contribution to GDP in the countries where it is most developed. For this reason, it has been included in the "Proximity and Social Economy" ecosystem, one of the 14 industrial ecosystems identified in the update of the [EU Industrial Strategy](#).

How will local communities benefit from the Social Economy Action Plan?

Social economy business models bring value to local economies and societies by contributing to their inclusiveness, resilience and sustainability. They have strong local roots and aim to serve the community where they are based, for instance by retaining 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 areas, in relation to agriculture and organic food production or in the blue economy (industries and sectors related to oceans, seas and coasts). They foster short value chains facilitating local production and consumption, and support the circular economy.

As part of the Action Plan, the Commission will support Member States and stakeholders to boost the social economy and social innovation in rural areas and will expand the [European Social Economy Regions](#) network to reinforce new regional and local partnerships. It will also work with cities to develop Local Green Deals or green citizenship actions.

How will the Action Plan contribute to fair green and digital transitions?

The social economy is an important driver of fair and inclusive green and digital transitions. It contributes to the development of sustainable practices, for instance in the fields of the circular economy, organic agriculture, renewable energy, housing and mobility. The social economy can also provide solutions for those impacted by the green and digital transitions, for example through training and reskilling workers, and by providing job opportunities.

It can also contribute to tackling the digital divide and ensuring that the digital transition leaves no one behind. Social economy actors working on "Tech4good" for example deploy digital technologies, (e.g. blockchain technology, big data, artificial intelligence) to achieve a green and social impact.

As part of the Action Plan, the Commission will help the social economy to adopt and develop green practices, products and services, and to improve its digital capacities.

A Commission Staff Working Document, coming along with the Action Plan, launches scenarios for a "transition pathway" to accelerate the green and digital transition of the social economy, as part of the Proximity and Social economy industrial ecosystem, involving engagement with public authorities and interested parties.

How will the Action Plan support social innovation?

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 and implement innovative solutions. With this Action Plan, the Commission wants to help successful ideas to be replicated across the EU. This is also the objective of the new European Competence Centre for Social Innovation, which will be set up in 2022. The Action Plan also aims to make it easier to pool resources for social innovation from the public sector, philanthropic and social investment actors.

How will the plan be implemented and by whom?

The Action Plan announces a set of actions by the Commission to strengthen the social economy. It also encourages Member States and other actors to put in place actions to support its implementation and to make the most of the opportunities it offers.

The Commission encourages Member States to adopt or update their social economy strategies and initiatives in cooperation with social economy stakeholders. It also calls on Member States to designate social economy coordinators. The Commission will take stock in 2025, looking at progress made and remaining barriers.

Where will the funding for the Action Plan come from?

The Commission's ambition is to increase the level of support for the social economy under EU funds in the 2021-2027 period. It will for instance launch new financial products in 2022 under the [InvestEU programme](#) aimed at mobilising private financing. Other EU programmes that will offer dedicated or indirect support for the social economy include the Employment and Social Innovation strand of the [European Social Fund Plus](#), [Horizon Europe](#), the [Single Market Programme](#), [Erasmus+](#) and the [LIFE Programme](#). At national level, EU funding will be available for example via the Cohesion Policy Funds and national recovery and resilience plans where applicable.

What is the transition pathway and how will it work?

Presented in the context of the [updated EU Industrial Strategy](#), transition pathways for industrial ecosystems are created in partnership with stakeholders such as industry, public authorities and social economy stakeholders.

It will accompany the twin transition of the "Proximity and Social Economy" industrial ecosystem and contribute to the implementation of the Action Plan in this area. The Commission seeks public views on the transition pathway through an [EU survey](#) open until 28 February 2022.

For More Information

[Press release: Commission presents Action Plan to boost the social economy and create jobs](#)

[Factsheet: Social Economy Action Plan](#)

[Communication: Social Economy Action Plan](#)

[Staff Working Document accompanying the Social Economy Action Plan](#)

[Staff Working Document on the transition pathway](#) and related [EU Survey](#)

[Social Economy Action Plan website](#)

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QANDA/21/6566

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