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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**

**SOCIAL
ECONOMY
ACTION
PLAN**

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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.

Every day some 2.8 million social economy entities in Europe offer concrete and innovative solutions to key challenges we are facing.

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 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**

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., Wruck 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.

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).

(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 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.

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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'.

¹³ COM (2011) 682 final.

¹⁴ COM (2016) 733 final.

¹⁵ SWD (2021) 373.

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.

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.

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. Social enterprises are now generally understood as part of the social economy.

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.

¹⁸ For example, the International Labour Organisation.

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 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

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 co-operation 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.

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**

Since 2011, several Member States have put in place targeted legal frameworks and policies in relation to social enterprises and/or the social economy.

Commission will launch a study providing a comparative analysis of the legal regimes and landscapes of associations in the EU.

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

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.

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.

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.

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

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

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.

Public financial support plays an important role in enabling the start-up and development of social economy actors.

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 enterprises³⁶.

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 ‘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.

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.

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

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 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**

³⁹ COM(2021) 345 final.

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

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 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

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>

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.

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 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.

There is also scope to strengthen dialogue and collaboration on the social economy with key international partners.

⁴⁵ <https://www.coops4dev.coop/en>

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

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".

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

Most social economy entities have a strong entrepreneurial dimension and make a considerable contribution to sustainable growth and jobs.

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

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

⁴⁹ Most social economy entities are SMEs.

⁵⁰ SWD (2021) 373, section 5.

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.

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.

⁵¹ <https://een.ec.europa.eu/>

⁵² <https://clustercollaboration.eu>

⁵³ <https://www.fi-compass.eu/>

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>

- **Foster mutual learning between social economy entrepreneurs by better promoting the Erasmus for Young Entrepreneurs programme⁵⁷ 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.

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.

The Commission's ambition is to increase the level of support for the 2021-2027 period.

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).

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

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

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.

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.

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.

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.

Social economy contributes to the green transition by developing sustainable practices, goods and services for industrial development.

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

⁶⁷ COM (2021) 550 final.

⁶⁸ COM (2020) 788 final.

⁶⁹ COM (2021) 118 final.

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

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.**
- 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

⁷¹ See SWD (2021) 982.

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).

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 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 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 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.

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

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://eiah.eib.org/about/initiative-social-outcomes-contracting>

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

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

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, 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.

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.

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.

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 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.

The Commission encourages Member States to adopt or update their social economy strategies and measures in cooperation with social economy stakeholders.

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





Brussels, 9.12.2021
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COMMISSION STAFF WORKING DOCUMENT

Accompanying the document

**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

{COM(2021) 778 final}

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1. WHY AN ACTION PLAN FOR THE SOCIAL ECONOMY?

Ten years ago, in 2011, the European Commission launched the [Social Business Initiative \(SBI\)](#). This was followed by the [Start-up and Scale-up initiative](#) in 2016. Further to these initiatives the EU has launched a large number of actions to support the development of the social economy and social enterprises in view of their potential to address societal challenges and contribute to sustainable economic growth.

Social economy ecosystems have developed significantly over the last decade and the concept of social economy has gained attention and momentum. Progress has been made, yet a great deal remains to be done in terms of harnessing the full potential of the social economy.

Therefore, the President of the Commission Ursula von der Leyen has [mandated](#) the Commissioner for Jobs and Social Rights, Nicolas Schmit, with developing a European Action Plan for the Social Economy. The action plan contributes to the Commission priority “An economy that works for the people”. Given the transversal nature¹ of social economy, the action plan will support the objectives of the Commission in a variety of other policy areas (European Green Deal, A Europe fit for the digital age and Promoting our European way of life).

The [2021 Commission Work Programme](#) highlights that the Action Plan is intended to enhance social investment, support social economy actors and social enterprises to start-up, scale-up, innovate and create jobs.

More recently, a number of Commission initiatives have called on the potential of social economy:

- [A Strong Social Europe for Just Transitions](#)
- [Circular Economy Action Plan](#)
- [SME Strategy](#)
- [Renovation Wave](#)
- [Recovery Plan – Next Generation EU](#)
- [Africa Strategy](#)
- [Youth Employment Support Initiative](#)
- [Action Plan on Integration and Inclusion](#)
- [European Skills Agenda](#)
- [EU Roma Strategic Framework](#)
- [EU Green Paper on Ageing: Fostering solidarity and responsibility between generations](#)
- [Economic and Investment Plan for the Western Balkans](#)
- [Renewed partnership with the Southern Neighbourhood - A new Agenda for the Mediterranean](#)
- [Joint Communication: Eastern Partnership policy beyond 2020: Reinforcing Resilience – an Eastern Partnership that delivers for all](#)
- [Updating the 2020 New Industrial Strategy](#)
- [A long-term Vision for the EU's Rural Areas](#)

¹ Social economy entities are active in almost all economic sectors and therefore many EU laws and policies are potentially relevant for the social economy or some of its actors.

Social economy organisations also contribute to the implementation of the [European Pillar of Social Rights](#). At the Social Summit in Porto (7-8 May 2021) Member States and civil society organisations confirmed their “commitment to the implementation of the European Pillar of Social Rights and to use this unique opportunity to join forces for an inclusive, sustainable, just and jobs-rich recovery, based on a competitive economy and that leaves no one behind.”² The Porto declaration specifically acknowledged the role of social enterprises.³

The present staff working document provides background information and an analysis on challenges and opportunities for the social economy in Europe. In addition, the document provides a summary of the consultations conducted and evidence gathered since the action plan was announced at the beginning of 2020.

It is complemented by a second Staff Working Document⁴ which presents scenarios towards the co-creation, together with stakeholders, of the transition pathway of the ‘Proximity and Social Economy’ industrial ecosystem⁵ towards its green and digital transition and long-term resilience.

² [Porto social commitment](#), 7 May 2021

³ [The Porto declaration](#), 8 May 2021

⁴ See SWD (2021) 982.

⁵ Updated EU Industrial Strategy, COM(2021) 350 final

2. SOCIAL ECONOMY IN EUROPE – AN OVERVIEW

Member States have heterogeneous traditions and employ a variety of terminology as to which organisations are part of the social economy. Historically, the term social economy refers to four main types of organisations: cooperatives, mutual benefit societies, associations (including charities), and foundations.

In recent years, social enterprises emerged as a new type of organisation in 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 progress⁶. Social enterprises adopt a variety of legal forms depending on the national context.

Section 2 of the action plan provides a definition of the social economy from the EU perspective.

2.1 Organisation types

The action plan provides a definition of the social economy from the European Commission's perspective. It highlights that Member States have heterogeneous traditions and employ a variety of terms in relation to the social economy. It is commonly considered to include the following organisation types: cooperatives, mutual benefit societies, foundations, associations and social enterprises.

Cooperatives have a long history in Europe and globally. There are some 131,000 in the EU⁷ active in all sectors of the economy. They are people-centred enterprises jointly owned and democratically controlled by and for their members to achieve common social and economic objectives. Driven by the principles of fairness and equality, they usually generate long-term jobs and prosperity. They are managed by producers, users or workers and are run according to the 'one member, one vote' rule⁸. They offer innovative solutions to green growth such as renewable energy, but also to societal challenges. For example, recently platform co-operatives offer a potential route to a fairer digital economy that generates quality working conditions and other tangible advantages for workers and consumers alike and helps retain revenues and taxes locally. Cooperatives also provide a solution for workers wishing to jointly buy their company⁹. Different types of cooperatives exist: consumer cooperatives, producer cooperatives, worker cooperatives, social cooperatives, platform cooperatives (overlaps are possible).

Mutual benefit societies are private entities owned and governed by their members. They play an important role in health insurance and in providing good, affordable and universally accessible health, long-term care and other social security services. They are driven by the principles of solidarity, affordability, non-discrimination and non-exclusion and are often key partners for public authorities,

⁶ European Commission, *A map of social enterprises and their ecosystems in Europe*, 2020.

⁷ Cocolina, C., *The power of cooperation: Cooperatives Europe key figures 2015*, Cooperatives Europe, 2015.

⁸ International Cooperative Alliance, *What is a cooperative?*, in <https://www.ica.coop/en/cooperatives/what-is-a-cooperative>

⁹ In the EU, the practice of worker buyouts is most developed in Italy, Spain and France, where specific networks and policy initiatives have been adopted to support its development.

providing innovative social services, such as healthcare and general care services. Some 209 million citizens in Europe receive health coverage and other social security services from mutuals¹⁰. They command a 25% share of the insurance market and 70% of the total number of undertakings in the industry.¹¹

Public-benefit foundations are asset-based and purpose-driven. They generally have no members or shareholders and are separately constituted non-profit bodies. They can engage in many forms of philanthropy, from traditional grant-making to running their own programmes to venture philanthropy and other new forms of social investment. Public-benefit foundations focus on areas ranging from the environment, social services, health and education, to science, research, arts and culture. They tend to have an established and reliable income source, which allows them to plan and carry out long-term work. There are estimated to be approximately 147,000 public-benefit foundations in Europe.¹² They can also act as funders of, and investors in, social enterprises and other social economy organisations. Similarly, they help leverage private funding for many other important EU policy priorities.

Associations are vital for democracy and a constituent of EU civil society. As about 19% of the EU adult population engages in formal volunteering activities, associations offer a unique space where citizens engage in common interests and generate social cohesion and mutual understanding. They are present in many areas such as sport, education, environmental protection, culture or health. The possibility that associations carry out entrepreneurial activities is not acknowledged in all countries¹³.

Most **social enterprises** have their roots in one of the above-mentioned social economy forms. In countries where a significant degree of freedom in the performance of entrepreneurial activities by non-profit organisations is permitted, the most widespread path to setting up social enterprises remains the use of the legal form of association and/or foundation (e.g., France, Belgium, Austria, Germany and the Netherlands). However, they can also take other legal forms that have not been designed specifically for them (e.g. conventional enterprises), which makes it difficult to capture their size and contribution to the economy. A recent report showed that they employ high proportions of female workers thanks to the availability of more flexible jobs.¹⁴

Social enterprises are active in a wide range of fields of activity. Particularly well known are **work integration social enterprises (WISE)** which benefit from legal recognition in a significant number of countries. For example, countries such as Austria, Bulgaria, Croatia, Germany, Poland, Romania, Slovenia and Spain have introduced statuses recognising WISEs to facilitate especially the integration of disabled people. Over the years, there has been a progressive enlargement of the typologies of disadvantaged people to be integrated by those legal forms that obtain the WISE status, whereas in the past only people with disabilities could be integrated.

¹⁰ According to the International Association of Mutual Benefit Societies (AIM).

¹¹ Social Economy Europe, *Co-designing the Action Plan for the Social Economy*, 2021.

¹² McGill, L., [Number of Registered Public Benefit Foundations in Europe Exceeds 147,000](#), Dafne, 2016.

¹³ European Commission, *A map of social enterprises and their ecosystems in Europe*, 2020.

¹⁴ European Commission (2020), *A map of social enterprises and their ecosystems in Europe*.

2.2 Mapping the social economy: different starting points, scope and dynamics¹⁵

The landscape for social economy ecosystems in EU Member States is diverse.

Data on social economy in the EU is partial, because social economy organisations fall under several categories in national accounts and therefore the volume of their activities is not directly visible in this most reliable data source. The most accurate estimation of the economic importance of social economy in Europe is included in the study “Recent evolutions of the social economy in the EU” (EESC 2017).¹⁶

Satellite accounts are the most solid way to get a clear, comparable and harmonised view of the social economy in a way compatible with the overall national accounts framework. However, only two Member States (Belgium and Portugal) have set up national versions of satellite accounts. Four more Member States worked on satellite accounts under a grant from Eurostat.

The EESC study finds that the social economy represents around 2.8 million organisations and entities in Europe, as well as over 13.6 million paid jobs (i.e. 6.3% of the work force)¹⁷. Social economy represents between 0.6% and 9.9% of all jobs across Member States. In the countries where it is most developed it makes an important contribution to GDP.¹⁸ These different degrees of development demonstrate that it has significant untapped economic potential, including in terms of job creation, in many Member States.

Specific data on the number of social enterprises in the EU is limited, given that this concept is based on the characteristics of the undertaking rather than on its legal form. The recently published synthesis report of the 2020 mapping of social enterprises provides the latest estimates. However, given the low availability and reliability of data in some countries, it only draws together and presents the national data to enable comparisons when possible.

For example:

- The highest numbers of social enterprises are found in: Italy (102 500), France (96 600), Germany (77 500), and Poland (24 500).
- The highest numbers of social enterprises per 1 million inhabitants are found in: Italy (1690), Hungary (1620), Luxembourg (1550), Belgium (1530) and France (1400).

The mapping study was launched by the European Commission as a follow-up to its 2011 communication on the Social Business Initiative (SBI) in order to shed light on the current size, scope and state of social enterprises and their ecosystems in Europe.

The first study was published in 2014 and mapped social enterprise activity and ecosystems in 29 countries using a common definition and approach. Following this initial effort, an update was

¹⁵ For more details on the evidence base, including links to the studies see section 3.1.

¹⁶ <https://www.eesc.europa.eu/sites/default/files/files/qe-04-17-875-en-n.pdf>. It has to be noted that the data in this study have a number of limitations: for example not capturing all social enterprises and covering on the other hand all organisations that have a specific legal form (association, cooperative, mutual and foundations) without looking at their mission nor the profit distribution model.

¹⁷ The study also estimates that the social economy represents more than 82.8 million volunteers, equivalent to 5.5 million (non-paid) full-time workers, which gives a total workforce of over 19.1 million people (paid and non-paid).

¹⁸ Estimates indicate GDP contributions of 10% in Spain (CEPES, 2017) and France (Cress, 2017) and 15% in Italy (Borzaga & Fontanara, 2013)

launched in seven selected countries in 2016. A complete update of the then 28 Member States plus seven neighbouring countries participating in the Employment and Social Innovation (EaSI) Programme was carried out in 2018-2020.

The mapping study identified different drivers that have been boosting social enterprise development in recent years depending on the type of welfare system in place:

Table: Drivers and trends of social enterprises

Type of welfare system	Main drivers boosting SE development	Examples of countries
Poor supply of welfare services by public providers and, traditionally, gaps in welfare delivery and strong civic engagement	<ul style="list-style-type: none"> > Bottom-up experimentation by groups of citizens of new services > Consolidation of SEs thanks to public policies that have regularised social service delivery 	Greece, Ireland, Italy, Portugal, Spain
Extensive public supply of social services, increasingly contracted out to private providers	<ul style="list-style-type: none"> > Privatisation of social services > Bottom-up dynamics 	Denmark, Finland, Norway, Sweden, United Kingdom
Extensive public and non-profit welfare structures, covering the majority of the needs of the population	<ul style="list-style-type: none"> > Public support system designed to support work integration > Bottom-up emergence of SEs to address new needs 	Austria, Belgium, France, Germany, Netherlands
Welfare systems that have undergone drastic reforms, weak associative and cooperative tradition	<ul style="list-style-type: none"> > Public policies (start-up grants) specifically tailored to support WISEs > Initiatives with philanthropic background and donors' programmes 	CEE and SEE countries

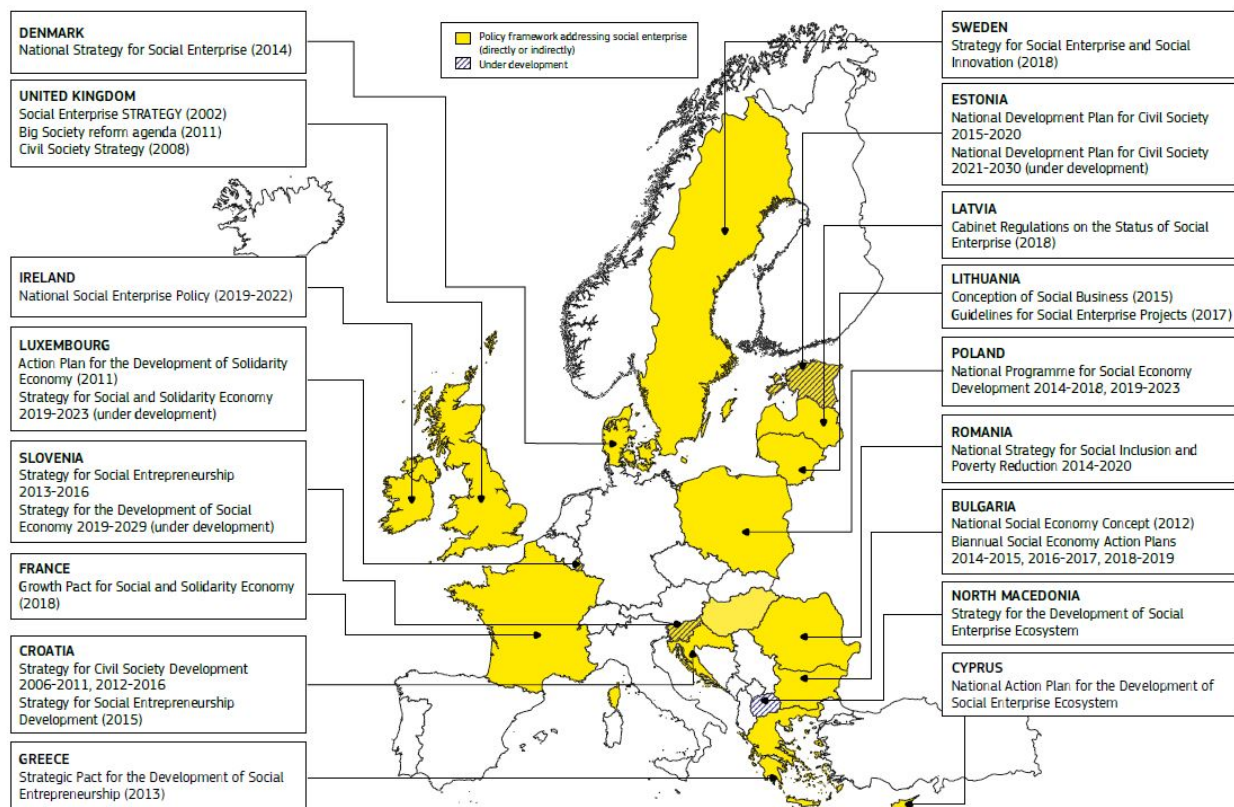
Source: European Commission, *A map of social enterprises and their ecosystems in Europe*, 2020.

The degree of recognition of the social economy and social enterprises varies largely from one Member State to another. However, the general trend is clearly positive: since the Commission adopted its Social Business Initiative in 2011, 16 EU countries have adopted new specific legislation in this field and 11 EU countries have created formal strategies or policies for supporting social economy and/or social enterprise development. Some of these countries have adopted dedicated legal forms for the social economy (e.g. BE, FR, IT, LV, PL, PT) while others have used labelling systems or statutes to address the lack of legal recognition¹⁹. Examples of countries that have introduced a social enterprise or social economy label include Bulgaria, Denmark, France, Greece, Italy, Luxembourg, Romania, Slovakia and Slovenia. Moreover, accreditation schemes for work integration social enterprises applicable to a plurality of legal forms have been introduced for instance in: Austria, Bulgaria, Croatia, Germany, Poland, Romania, Slovenia, and Spain. Such labelling can also apply to the products and services delivered by social economy entities or to financial products (see more info in section 4.5).

The two maps below from the 2020 mapping study show the diversity:

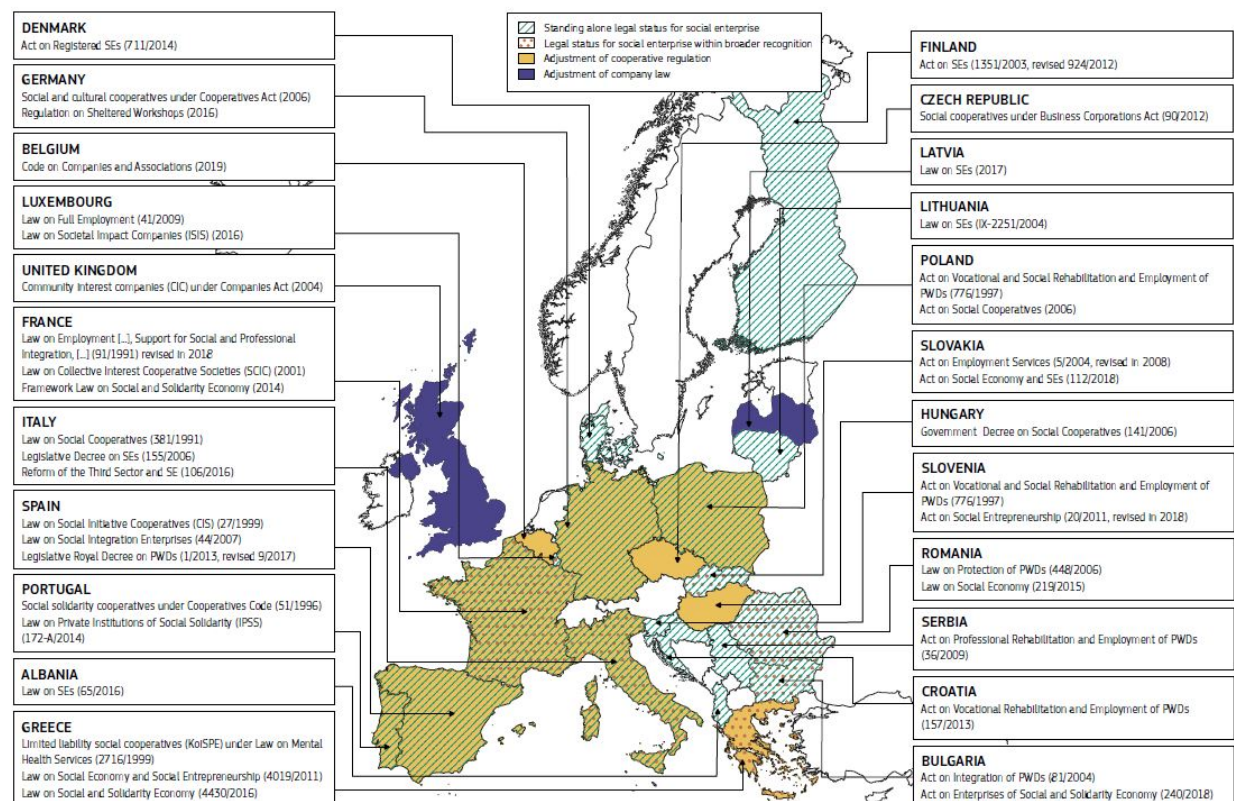
¹⁹ The labels or statutes can be adopted by a variety of legal entities provided that they comply with a set of criteria, in addition to the fulfilment of the criteria already in force for the legal forms entitled to qualify.

Figure 3. Countries with policy frameworks targeting social enterprise



Source: European Commission, *A map of social enterprises and their ecosystems in Europe*, 2020.

Figure 4. Countries with laws on specific legal forms or statuses for social enterprises



Source: European Commission, *A map of social enterprises and their ecosystems in Europe*, 2020.

Taxation: Diversity of approaches

As the 2020 mapping study pointed out: In most countries, the fiscal framework within which social enterprises operate is rather complex and fragmented. "Given their nature, social enterprises in most countries enjoy all those fiscal benefits (or at least many of them) already in place for non-profit organisations, social economy organisations (especially for cooperatives) and mainstream business. Some fiscal benefits depend on the legal forms adopted by social enterprises instead of their activity, as in Italy and in Ireland, in cases in which cooperatives (in Italy) and organisations with charitable status (in Ireland) are exempt from taxation on non-distributed profits. In other countries, social enterprises may enjoy fiscal benefits that are granted on the basis of their activities rather than on the basis of their specific organisational nature."²⁰

The table below (from the same source) gives an overview about the fiscal benefits granted to social enterprises:

Type of fiscal benefits	Yes, without limitations	Yes, with limitations	Not available
Corporate tax exemption on retained profits	AT, DE, EL, FR, HU, IE, IT, LU, LV, MT, PL	BE, BG, CZ, ES, HR, LT, NL, PL, RO, SE, SI, SK, UK	CY, DK, EE, FI
VAT exemption or reduced rate	AT, BE, DE, FR, HU, IT, PL, PT	LU, SK	BG, CY, CZ, DK, EE, EL, ES, FI, HR, IE, LT, LV, MT, NL, RO, SE, SI, UK
Social insurance costs reduced or covered by subsidies	AT, BE, HR, SE	BG, EL, ES, FI, FR, IE, IT, LV, PL, PT, SI, SK	CY, CZ, DE, DK, EE, HU, LT, LU, MT, NL, RO, UK
Tax reductions granted to private and/or institutional donors	–	AT, BE, BG, CZ, DE, EE, ES, FR, HR, HU, IE, IT, LT, LU, LV, NL, PL, PT, SI, UK	CY, DK, EL, FI, MT, RO, SE, SK

Source: European Commission, *A map of social enterprises and their ecosystems in Europe*, 2020.

Developing social economy ecosystems

Some countries with an already advanced ecosystem benefitted from EU support on mutual learning, access to finance and research for social economy organisations. In Central and Eastern Europe and in neighbouring countries (e.g. the Western Balkans), SBI actions and EU funding have played an essential role in the setting up of a social economy ecosystem.²¹

Despite progress in many areas, needs persist – although with different intensities across EU Member States and regions.

While some economic sectors like care and social services have a higher share of social economy than other sectors²², social economy organisations can be found in virtually all economic sectors. This can make it very challenging to address their needs. A newly founded social enterprise, trying to scale up a particular social innovation, will face other immediate challenges than a local farming cooperative

²⁰ European Commission, 'Social enterprises and their ecosystems in Europe: Comparative synthesis report', *Social enterprises and their ecosystems in Europe*, 2020, p. 92. (For more details see Appendix 6 of this study)

²¹ European Commission. *Impact of the European Commission's Social Business Initiative (SBI) and its Follow-up Actions*, 2020.

²² The economic sectors in which social economy actors are particularly prevalent varies between countries.

with decades of history. On the other hand, there are numerous ways how exchange of experience across sectors can be beneficial for social economy organisations. Common challenges can inspire new creative solutions that would not have been possible without the cross-sectoral exchange of ideas.

Estimated data on employment

The EESC (2017) study estimates that in the EU the social economy represents more than 82.8 million volunteers, equivalent to 5.5 million (non-paid) full-time workers. This gives an estimated total workforce of 19.1 million people (13.6 million paid and 5.5 million non-paid). Data on employment confirm that social enterprises are generally micro- and small organisations with high proportions of female workers. For example, in Croatia, only one-fifth of social enterprises employ more than 10 workers. Exceptions include France, Italy and Spain, where social enterprises also include rather large organisations. In many countries—including Belgium, Denmark, France and Italy— large numbers of volunteers work with social enterprises.²³

Data on working conditions

Statistical data on the quality of jobs and working conditions in the social economy are not available. However, anecdotal evidence such as the case studies conducted by Eurofound in cooperatives and social enterprises in 2018 in five countries (Italy, Poland, Spain, Sweden, UK) suggests that, overall, workers perceived the quality of jobs within cooperatives and social enterprises to be good, both in absolute terms and relative to other organisations. Managers and workers reported that many of the dimensions of job quality were integral to organisational objectives.

Mainstream businesses: increased awareness of social issues

Awareness of social issues has also grown among mainstream profit-maximising businesses. For example, Corporate Social Responsibility (CSR) has grown in prominence over the last two decades, to the point that it is now inconceivable for companies of a certain size not to have a CSR policy in place. Benefit Corporations and impact enterprises have also grown in number and incorporate sustainable ambitions in their missions. At the same time other enterprises are adopting ad hoc measures to improve transparency and engage more actively with communities. This trend has been largely driven by an increase in public and consumer pressure. At the same time, social economy business models have served as inspiration for alternative ways to engage in business.

These developments can serve as an opportunity for increased cooperation between the social economy and mainstream businesses.

2.3 Efforts in measuring social impact

With growing interest in recent years in social enterprises and social impact investment, efforts have increased to try to measure social impact. The idea is that such data can help an organisation identify for itself the strategies that generate the greatest social impact. At the same time, such data can help

²³ European Commission, 'Social enterprises and their ecosystems in Europe: Comparative synthesis report', 2020, p. 106.

attract funding from public authorities and social investors. The recent concept of social outcome contracting²⁴, for example, introduces the idea of contracting and paying for certain outcomes, rather than activities (outputs), and has contributed to interest in measurement methodologies.

As interest in social impact measurement has grown, numerous approaches, tools and practices have been developed, each promoting particular types of indicators. Experts identify a need to further strengthen and support the sharing of know-how, tools and good practice in designing, planning, implementing, measuring, monitoring, and reporting on social impact and social added value²⁵.

At present there is no indicator database for social impact criteria that can be used by investors and social economy organisations. Some efforts are underway regarding the standardisation of data by providing validated indicators²⁶. They constitute a good source to start developing an own indicator set. However, not all possible interventions are covered and indicators often focus on a development aid context²⁷.

Whilst some of these methodologies are becoming more widely used than others, there is emerging consensus that a “one-size fits all” approach is not appropriate in light of the diversity of social needs, interventions, scale and stakeholder interests. Social economy representatives are therefore increasingly requesting more bottom-up, flexible and differentiated approaches²⁸.

The 4-year INTERREG project VISES gathered 21 partners and highlighted how the social economy contributes to the dynamism of the territories and to the well-being of their inhabitants. The project illustrated the key features of a relevant social impact evaluation strategy.²⁹

While promising developments are occurring in relation to social impact measurement and these should be further explored, some challenges need to be acknowledged. For example, measuring impact can be perceived as intrusive and an additional burden, in terms of human and financial resources. Expectations need to be proportionate and adjusted to the nature of the entity (e.g. social enterprises, investment funds) and the stage of development and size of the enterprise in order not to stymie the development of new start ups in the early stages.³⁰ Concerns have also been expressed about possible unintended consequences of data gathering, especially long-term data. For instance, the importance of not ending up focusing only on easy to measure impacts, rather than considering all aspects of the work of an organisation. Similarly, questions have arisen as to whether measurement dynamics – if poorly designed - could inadvertently actually reduce the scope for innovation if too much pressure from payment schedules is imposed on the delivery of very specifically pre-determined outcomes.

²⁴ European Commission, *Study on the benefits of using social outcome contracting in the provision of social services and interventions*, 2021

²⁵ European Commission, *Social enterprises and the social economy going forward: A call for action from the Commission Expert Group on Social Entrepreneurship (GECES)*, 2016.

²⁶ The few examples encompass the [SDG's sub-indicators](#) and the metrics published by IRIS+.

²⁷ Upcoming European Commission (2021) *Impact measurement in Social Finance*.

²⁸ OECD, 'Social impact measurement for the Social and Solidarity Economy: OECD Global Action Promoting Social & Solidarity Economy Ecosystems', *OECD Local Economic and Employment Development (LEED) Papers*, No. 2021/05, OECD Publishing, Paris, 2021. & European Commission, *Proposed approaches to social impact measurement, A report by the GECES Sub-group on Impact Measurement*, 2014.

²⁹ See: [Joint declaration - VISES - Valorisation de l'Impact Social de l'Entrepreneuriat Social \(projetvisesproject.eu\)](#)

³⁰ OECD & European Commission, *Policy Brief on Social Impact Measurement for Social Enterprises*, 2015.

Despite these challenges, some promising practices in terms of harmonising reporting standards have emerged at national levels. Examples include the Social Reporting Standard, developed in Germany, and the Canadian Common Approach.³¹ Rather than focusing on creating a universal set of metrics that every social economy organisation must narrowly adhere to, these approaches recognise the diversity of drivers, actors and intentions for social impact. Although promising, the continued development of these “middle ground” approaches require extensive consultation at a grass roots level, and creative mechanisms for enabling collaboration between financiers and the social economy³².

The Commission has also started the development of a social economy “canvas”, a visual tool to comprehend the social, environmental and economic implications of social economy activity as well as picturing the value relations between social economy organisations and their community stakeholders.³³

2.4 Gender dimension

In general, high proportions of female workers seem common in the social economy³⁴, however no EU-wide reliable and fully comparable data is available.

“(I)n Belgium, females comprise 70% of the workforce in social economy, while in France they comprise 67%. Women represent about 61% of Italian social cooperatives’ nonseasonal part-time employees, compared with 47% in other enterprises. In some countries, the creation of flexible jobs by social enterprises is regarded as a positive trend (e.g., Czech Republic, Italy, Lithuania, Turkey) that can especially benefit women. This is the case for both social enterprises led by women and social enterprises that mainly employ women. The high share of women employed is related to the fields of engagement of social enterprises, which also typically account for a high percentage of women when they are managed by public agencies.”³⁵

However, having a large share of women in the workforce does not prevent issues related to the gender pay gap. While no reliable data is available for all EU Member States and it is thus difficult to assess the overall situation, some national data is available. For example, the gender pay gap in the French social economy can be partly explained by the strong presence of women in occupations in the health and social sectors. Occupations and jobs in these sectors are often not paid very well and women generally have less access to managerial positions which usually command higher salaries. For example, only 13 % of women employed in the social economy in France are in managerial positions,

³¹ See note 29, p. 12.

³² OECD, ‘Social impact measurement for the Social and Solidarity Economy: OECD Global Action Promoting Social & Solidarity Economy Ecosystems’, *OECD Local Economic and Employment Development (LEED) Papers*, No. 2021/05, OECD Publishing, Paris, 2021.

³³ European Commission, [A Canvas for Social Economy](#)

³⁴ At least in some countries the percentage is significantly higher than in the mainstream private sector or even the public sector: For example in France 40% percent of people working in the private sector (not counting social economy) and 63% in the public sector are women, compared to 68% in the social economy. CNCRESS, *État des lieux de l'égalité femmes-hommes dans l'Économie Sociale et Solidaire*, 2019, p. 6.

³⁵ European Commission, ‘Social enterprises and their ecosystems in Europe: Comparative synthesis report’, *Social enterprises and their ecosystems in Europe*, 2020, p. 105.

compared to 22 % of men.³⁶ In France part-time work is more common in the social economy (38%) than in the rest of the private sector (19%) and the public sector (24%).³⁷

According to the Global Entrepreneurship Monitor (GEM) an estimated 55% of the world's social entrepreneurs are male and 45% female. This gender gap in social entrepreneurial activity is significantly smaller than the roughly 2:1 gender gap in mainstream entrepreneurial activity found in some economies. Women tend to pursue entrepreneurial roles in a more social setting – for example, by becoming a social entrepreneur (on the support for female social entrepreneurship see section 4.15) or by making an entrepreneurial contribution in the public sector, as found in an earlier GEM report.³⁸ For more information about female entrepreneurship see also the most recent edition of OECD & European Commission report ["The Missing Entrepreneurs 2021. Policies for Inclusive Entrepreneurship and Self-Employment"](#) (6th edition).

A number of social economy organisations also specifically target women in their up-skilling and re-skilling work, including female migrants and refugees and women from other vulnerable groups.

Fostering the social economy can also have an indirect positive impact on women's access to the labour market. The reasoning is that, as care burdens in households are still not shared equally between women and men in practice, the provision of high quality, affordable care services by social economy organisations can enable women to pursue their professional development more independently because they can turn to professional care services instead of having no other choice than to do the care work for dependent relatives themselves.

³⁶ CNCRESS, *État des lieux de l'égalité femmes-hommes dans l'Économie Sociale et Solidaire*, 2019, p. 28.

³⁷ See note 37, p. 13.

³⁸ Bosma, N., Schøtt, T., Terjesen, S. and Kew. P, Global Entrepreneurship Monitor's (GEM): Social Entrepreneurship, 2016. See also : Huysentruyt, M., "Women's Social Entrepreneurship and Innovation", *OECD Local Economic and Employment Development (LEED) Papers*, No. 2014/01, OECD Publishing, Paris, 2014.

3. COLLECTION OF EVIDENCE AND CONSULTATIONS

In order to gain a better understanding of the needs of the social economy, the Commission gathered evidence through a variety of studies and reports and consulted a broad range of stakeholders. The feedback from social economy stakeholders confirmed the need for reinforced action at EU level to support the social economy.

This section describes how evidence and views from stakeholders have been collected. The first part focuses on relevant studies, the second one describes the process of collecting feedback and contributions, including on the basis of the roadmap published by the Commission³⁹.

An analysis of the contribution is provided in chapter 4.

3.1 Evidence and data collection

A number of recent studies fed into the preparation of the action plan for social economy. The most important ones are:

- The [study on the impact of the Social Business Initiative and its follow-up actions \(2020\)](#): Based on 326 interviews with public authorities, stakeholder organisations, experts and practitioners, the study provides a comprehensive evidence-based analysis of the impact of the Commission's 2011 Social Business Initiative on the development of social economy organisations and their operating environments at both national and EU levels.
- The [EU mapping study on social enterprises and their ecosystems](#) (2020): it is currently the most comprehensive source presenting a comparative overview of social enterprises and their operating environments in Europe. It covers 35 European countries.
- The [European Economic and Social Committee report on the recent Evolutions of the Social Economy in the European Union \(2017\)](#): it provides aggregate EU level figures on the whole social economy, its importance in terms number of entities, number of jobs and to a certain extent its economic weight.
- A set of policy guidance and tools elaborated by the European Commission in cooperation with the OECD in relation to specific aspects of social economy and social entrepreneurship developments. A number of the related [OECD / EU reports](#) have been used to gather evidence relevant for the drafting of the action plan:
 - [Policy brief on Social Entrepreneurship](#)
 - [Policy brief on Social Impact Measurement](#)
 - [Policy brief on Scaling the Impact of Social Enterprises](#)
 - [Compendium of good practices](#)
 - [Policy paper: Regional Strategies for the Social Economy](#)⁴⁰
- Other recent studies focusing on specific challenges for the social economy, such as two market analyses of the [social enterprise finance market](#) and of the [microfinance market](#) conducted in 2020, which shed light on the funding gaps for social enterprises and micro-enterprises in Europe, one study on the [cooperation between social economy and traditional](#)

³⁹ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12743-EU-action-plan-for-social-economy_en

⁴⁰ This is an OECD Policy Paper, while all above are OECD / EU jointly.

[enterprises](#), a study on [new technologies and digitisation](#) and the [ESF report on social innovation](#).

3.2 Consultations

This section describes the ways in which EU institutions, stakeholders and citizens provided input for the action plan. The consultations allowed the Commission to benefit from rich inputs reflecting the variety of citizens' and stakeholders' views on the needs of the social economy and formed the basis for the preparation of the action plan.

Formal opinions from other EU institutions and bodies

The Commission has received contributions or held exchanges of views with the European Economic and Social Committee (EESC) as well as the Committee of the Regions (CoR).

- The EESC adopted an explanatory opinion on “The role of social economy in the creation of jobs and in the implementation of the European Pillar of Social Rights” at the request of the Portuguese Presidency, on 27 April 2021.⁴¹
- The CoR adopted an opinion on “An action plan for the social economy”, at the request of the Commission, on 1 July 2021.⁴²

In addition, at the time of publication, the European Parliament was in the process of preparing a report with recommendations to the Commission on a statute for European cross-border associations and non-profit organisations (2020/2026(INL) (Committee on Legal Affairs - Rapporteur: Sergey Lagodinsky).

Events

- On 25-26 November 2020 the European Commission co-organised the [Social Economy Scientific Conference](#), whose proceedings have been widely disseminated through a partnership between the European Commission and the Stanford Social Innovation Review, culminating with the publication of the [in-depth series on “European Perspectives on Emerging Social Economy”](#).
- On 26-27 May 2021 the city of Mannheim in Germany organised the [European Social Economy Summit](#) with the support of the Commission. Eight online events took place in the run-up to this Summit. In addition, a “[Mannheim declaration](#)” with policy recommendations was endorsed by a large number of stakeholders after the Summit.
- The Spanish and Portuguese Presidencies of the Monitoring Committee of the Luxembourg declaration⁴³ organised [several conferences](#) on the social economy.

⁴¹ [EESC opinion adopted on 27/04/2021](#), *The role of social economy in the creation of jobs and in the implementation of the European Pillar of Social Rights*, INT/925-EESC-2020-5266.

⁴² [Committee of the Regions opinion adopted on 01/07/2021](#), An action plan for the social economy, SEDEC-VII/016

⁴³ The Monitoring Committee for the Luxembourg Declaration currently has 14 member states (Slovak Republic, Luxembourg, Spain, Czech Republic, France, Greece, Cyprus, Slovenia, Romania, Bulgaria, Sweden, Italy, Malta and Portugal). The main aim of the monitoring committee is to follow up and provide continuity to the

- On 8 June 2021, the Commission organised a meeting of EU social partners. In addition to discussing the overall objectives of the action plan, the participants were invited to comment more specifically on the issues of State aid and worker buy-outs.
- Since 2020, the European Parliament Intergroup on Social Economy organised several digital events aimed to feed the preparation of the action plan for the social economy:
 - 2 June 2020: “Co-designing the European Action plan for the Social Economy, as a leverage for the Economic and Social Recovery of Europe”;
 - 10 November 2020: “Social Economy’s vision for a Green and Fair Transition”;
 - 18 February 2021: “Skills and Digitalisation: Investing in the Social Economy as tomorrow’s economy”;
 - 7 October 2021: “Social Economy as an Industrial Ecosystem – A catalyst to Build Back Better & Fairer”.
- A series of social economy stakeholders also organised relevant conferences and events.

Targeted consultation

The Commission invited stakeholders to provide input through various channels:

- The broad consultation process from 14 January to 30 November 2021 on the action plan for the implementation of the European Pillar of Social Rights;
- The ‘Have your Say’ web page of the European Commission, where stakeholders could provide feedback on the roadmap on the action plan (for details see section III);
- The European Commission expert group on the social economy and social enterprises (GECES) meetings and its 2016 report on “Social enterprises and the social economy going forward”;
- A specific consultation of the GECES on the topic of “Social economy and State aid for access to finance” at the meeting on 10 September 2021, with an invitation to provide written comments in the weeks following the meeting;
- The strategic dialogue between civil society and the European Commission in November 2020.
- Bilateral meetings with stakeholders such as Social Economy Europe, Concorde Europe, Social Services Europe, CG Scop, CECOP, European Foundation Centre, Dienes, Union for the Mediterranean, AIM, EASPD, Red Cross, Caritas.

Ad hoc input and position papers

The Commission also received ad hoc input and position papers from stakeholders. These included a position paper developed by France and supported by Belgium, Bulgaria, Italy, Luxembourg, Portugal, Spain and Slovakia.

agreements made in the Luxembourg declaration, which establishes a road map to a broader ecosystem for social economy companies.

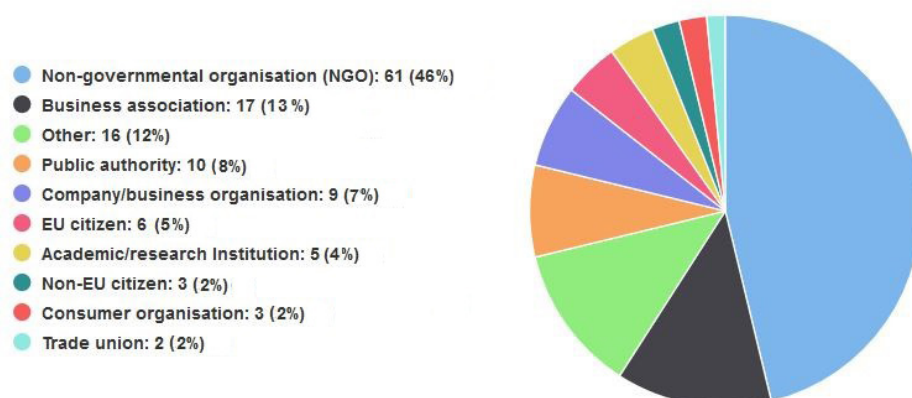
3.3 Publication of the SEAP roadmap

In spring 2021 the European Commission published a roadmap on the upcoming action plan, inviting stakeholders to provide their input. The Commission received feedback both through the dedicated website and other contact channels.

Roadmap feedback

Via a dedicated [web page](#)⁴⁴, open from 1 March until 26 April 2021, stakeholders and citizens could submit their feedback (without pre-set questions) on the roadmap for the action plan for the social economy. The Commission received 132 contributions and 46% of submissions came from NGOs – within and beyond the social economy. Business associations accounted for 13% of total submissions, public authorities for 8%, and business organisations for 7%. Further contributions came from research institutions (4%), consumer organisations (2%), trade unions (2%), as well as from EU (2%) and non-EU citizens (2%).

By category of respondent



Distribution of contributions from citizens and organisations (N=132)

In total, the Commission received contributions from 25 countries, including 21 in the EU. Stakeholders' contributions very much echoed the needs identified in the context of the evidence gathering process. They called for an improvement of access to funding and markets for social economy actors, as well as for advances in policy and legal frameworks better reflecting their characteristics. In addition, several asked to increase the recognition, visibility of and awareness about the social economy, in particular through the inclusion of a clear and inclusive definition of the business model. A number of contributions formulated very concrete proposals.

⁴⁴ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12743-EU-action-plan-for-social-economy_en

4. CHALLENGES AND OPPORTUNITIES FOR THE SOCIAL ECONOMY – MAIN FINDINGS FROM THE CONSULTATIONS

This chapter gives an analytical overview of the opportunities and challenges for the social economy identified through the consultations conducted in preparation of the action plan (as described in chapter 2). The content of this chapter is structured around a number of overarching topics, similar to those covered in the action plan. The main contributions and suggestions received from experts and stakeholders in the consultation on the roadmap are integrated in each section. The feedback received on the roadmap reflects, to a large degree, viewpoints expressed by various stakeholders in previous exchanges and contacts and during various events.

All sections list the problems social economy actors face (as stated by the stakeholders), present their suggestions for changes, and then provide a concluding assessment of the situation.

4.1 On the action plan for the social economy in general

A strong consensus emerged amongst the contributions on the importance of the action plan for the social economy and its strong relevance in the current context. Stakeholders appreciated the EU's efforts in supporting the social economy's visibility. A number of key themes were identified in the feedback gathered.

4.2 Defining social economy at the European level

The SBI study pointed out that future policy initiatives should take into account the different needs of the diverse types of organisation (e.g. cooperatives, mutual benefit societies, associations, foundations, social enterprises).

Main problems / challenges as perceived by stakeholders and experts
<ul style="list-style-type: none">• Lack of a common definition and understanding of social economy at European level impedes the development of consistent EU policies and support instruments• Lack of a common definition of social enterprises at European level hinders awareness raising initiatives and impedes the formation of a basis upon which tailored and effective policy can be formulated• There is no common definition of “for benefit” or “limited profit” enterprises• Inclusive enterprises for persons with disabilities are not always considered part of the social economy

Suggestions from stakeholders

A number of stakeholders called for a clear EU level definition of the social economy concept.⁴⁵ A few advocated a homogenous, binding definition at EU level, whilst most others stressed the need for an EU definition to respect the diversity of social economy organisations and the heterogeneity of

⁴⁵ Suggestion made in position papers by CIRIEC, Social Economy Europe, AMICE, CEPES, Federation of European Social Employers, SLOGA Platform, Fair Trade Advocacy Office, ConcertES, Department of Rural and Community Development (Ireland), AEMA Groupe, Crédit Coopératif, TERZJUS and Social Entrepreneurship Association of Latvia.

national traditions. There was also a call for the explicit inclusion of specific types of entities, e.g. not-for-profit social service providers. European social partners argued that the definition would be best created at Member State level.

Commission analysis
The Commission will aim to retain a broad and inclusive definition of the social economy, which respects Member States' heterogeneous traditions. The fact that there are very diverse traditions and definitions means that a very precise (and therefore somewhat narrow) definition of social economy would likely exclude some organisations and can therefore not be assumed to be in the best interests of the social economy in Europe. Only a broad and inclusive definition takes into account the existing diversity and preserves the possibility to pursue a variety of approaches (at Member State level, as well as at the level of individual organisations).

4.3 Enhancing awareness and visibility of the social economy

The visibility of the social economy and social enterprises has increased considerably since 2011. The Social Business Initiative has helped to increase the visibility, recognition and understanding of social enterprises. It contributed to facilitate the availability of information on social enterprises, to implement mutual learning, research, and visibility measures related to the social economy and social enterprises in EU programmes. The SBI also helped to disseminate the social enterprise concept across EU Member States and to raise awareness on the social economy as a broader dynamic in policy debates.

Social enterprises and other social economy organisations (SEOs) are increasingly considered as important actors, not only by policymakers in social policy, but also in other policies (regional development, cohesion, innovation, climate, environment). Further awareness raising efforts would nevertheless be beneficial. The SBI study identified a need for more visibility, better understanding and recognition of benefits and obstacles, for example in national legal and fiscal frameworks. Social impacts of social economy organisations need to be better understood and reported.⁴⁶

Continued efforts in generating solid knowledge and high quality data about social economy are needed to inform EU, national and local policies, to stimulate mutual learning and to inspire common agendas according to the 2020 mapping study.

Main problems / challenges as perceived by stakeholders and experts
<ul style="list-style-type: none"> • Lack of visibility, recognition and significance of the social economy sector within the EU • Lack of indicators and data on the real socio-economic impact and value of the social economy • Lack of understanding and promotion of EU opportunities for social economy stakeholders • Lack of visibility of the social economy in European processes and initiatives such as the European Semester and the European Pillar of Social Rights • Member States lack awareness on the particular characteristics of the social economy • Social economy actors are not fully recognised for their valuable contributions during the COVID-19 crisis

⁴⁶ See recommendations in European Commission, *Impact of the European Commission's Social Business Initiative (SBI) and its Follow-up Actions*, 2020.

Suggestions from stakeholders

Visibility

Stakeholders and experts drew attention to the role of the action plan for the social economy in increasing the visibility and recognition of the sector as a whole and of its enterprises in particular.

Stakeholders such as RREUSE and the International Labour Organisation (ILO) called for mainstreaming the social economy at EU and national levels, respectively.

At the European Social Economy Summit, several speakers emphasised the importance of raising political awareness on the advantages of socially inclusive economic growth.

A position paper developed by France and supported by Belgium, Bulgaria, Italy, Luxembourg, Portugal, Spain and Slovakia stressed that research initiatives on the social, environmental and economic added value of social economy structures should be encouraged through the Fi-compass platform⁴⁷ or European universities. Eurofound suggested that, building on work already undertaken by the European Commission, the existing and emerging types of cooperative and social enterprises should be further clarified in order to collect a robust and consistent evidence base. In addition to this, the Mannheim Declaration suggested that the European Commission increase the sector's visibility by encouraging other interested regions, cities and municipalities to join the European Social Economy Regions (ESER) initiative.

Other visibility initiatives referred to included the European Social Economy Capital initiative set up by the Monitoring Committee of the Luxembourg declaration.⁴⁸ In addition, efforts have been made to raise awareness on the social economy through the development, in recent years, of a large number of awards and prizes developed at various levels (see Annex 3 for a list of examples).

Commission analysis
Better visibility, understanding and recognition of the benefits and obstacles for the social economy continue to be important. Raising awareness and improving communication on support opportunities for stakeholders have a big potential to boost the social economy, (especially in countries where it is currently less developed. Therefore, awareness raising and disseminating information will be important. Young people, who may be the social entrepreneurs of the future, should be included in these efforts. Economic and business faculties of universities could be targeted with information about the social economy with a view to presenting it as a potential career path.

⁴⁷ Fi-Compass is an EU platform offering advisory services on financial instruments available under the European Structural and Investment Funds (ESIF). A joint tool provided by the European Commission and European Investment Bank (EIB), it is designed to support microfinance providers and other interested parties by making learning tools on financial instruments available to them and encouraging them to make use of them. (<https://www.fi-compass.eu/>)

⁴⁸ Since 2019, the countries presiding the Monitoring Committee designate yearly a European Capital for Social Economy. After Strasbourg (2019) and Toledo (2020), in 2021 the title is shared by five Portuguese municipalities (Sintra, Braga, Cascais, Coimbra and Torres Vedras).

4.4 Support for specific target groups

In a number of contributions stakeholders called for an enhanced awareness and support for their area(s) of work and their target groups (including mainstreaming the issues and target groups into various EU programmes).

Main problems / challenges as perceived by stakeholders and experts
<ul style="list-style-type: none">• Lack of awareness for the work with specific target groups• Lack of awareness on the concept and benefits of Work Integration Social Enterprises (WISEs), including those employing persons with disabilities, and cooperative enterprises• Lack of data on the impact of the COVID-19 pandemic on the rights of workers with disabilities, particularly female workers with disabilities• Lack of understanding about the social economy and social entrepreneurship among young people

Suggestions from stakeholders

Some stakeholders identified a lack of data as an issue to address. EVPA suggested to collect data on equality and disparities of different vulnerable groups (on the main topics under the European Pillar of Social Rights) for designing more targeted solutions.⁴⁹ Another suggestion made, was to disaggregate collected data to highlight the percentage of social entrepreneurs led by vulnerable and marginalised groups.⁵⁰ Eurodiaconia suggested that the European Commission should launch research into the methods of successful mainstream workplace integration of people with disabilities, people who experience homelessness and the long term unemployed.

A number of specific target groups have been highlighted in the contributions from stakeholders. The list below is by no means exhaustive, but may serve as a reminder about the wide range of groups and individuals social economy organisations support with their work on a daily basis.

Persons with disabilities

The *European Observatory for Inclusive Employment and Sustainable Development Goals* and *Eurodiaconia* suggested the European Commission and national governments should promote and fund projects and transnational **mutual learning exchanges** that facilitate the **reintegration of persons with disabilities into the regular labour market** (including through the ESF). The *European Observatory for Inclusive Employment and Sustainable Development Goals* asks to ensure that non-discrimination on the basis of disability and work integration of persons with disabilities remains a requirement for EU funding allocation, in particular for the current initiatives taken to support employment retention and promotion.

⁴⁹ The EU Multidimensional Inequality Monitoring Framework developed by the European Commission's Joint Research Centre (<https://composite-indicators.jrc.ec.europa.eu/multidimensional-inequality>) offers a repository of inequality indicators spanning ten key life domains. It also facilitates the monitoring of inequality levels across groups defined by socioeconomic characteristics such as gender and migrant status.

⁵⁰ Suggestion made in position paper by WEF COVID Response Alliance for Social Entrepreneurs

A number of stakeholders called for an increase in recognition and visibility of the positive socio-economic impact of work integration social enterprises (WISEs) by the EU and its Member States. The European Commission should organise awareness raising activities for Member States, together with social services providers in order to showcase WISEs' contribution.⁵¹

Other suggestions included:

- **Ensure that EU-level funds can be easily accessed to finance projects** around education, training, lifelong learning, skills development and traineeship-to-employment programmes, **in order to equip workers with disabilities** with knowledge and competences that match the demand for green, digital and in-sourcing skills – *European Observatory for Inclusive Employment and Sustainable Development Goals*
- **Support conditions for unrestricted access to in-company vocational training for young people with disabilities** and to individually adapted vocational preparation measures for the transition from school to working life – *European Confederation of Inclusive Enterprises (EUCIE) and Spanish Council for the Defense of Disability and Dependency (CEDDD)*
- **SEAP should address the responsibility of social enterprises to focus on training and skilling their employees with disabilities to facilitate career progression and a transition into the open labour market** if the employee wishes to. Particular efforts must be made to ensure that training programmes are made accessible for persons with disabilities, and that workers are free from discrimination when it comes to promotions and pay-scale progression – *European Disability Forum*
- **SEAP must recognise the differing roles played by social economy enterprises and social services towards the inclusion of persons with disabilities** – *(CEDDD)*
- Raise awareness of all employers that the talents of persons with disabilities can be used in these times as well and that workers with disabilities can actually be “co-creators of COVID-19 responses.”⁵² The SEAP should **explore the importance of persons with disabilities not only as employees in social enterprises, but also as entrepreneurs who want to create their own business or start-up.**⁵³
- Recognise the crucial role played by work integration social enterprises employing persons with disabilities (D-WISE) in promoting employment for persons with disabilities in the next European Disability Strategy.⁵⁴ The **SEAP should clearly recognise the value of social economy entities in providing employment opportunities for persons with disabilities.**⁵⁵
- **Fund EU level projects and research aiming to improve the understanding of work integration social enterprises employing persons with disabilities (D-WISE) across EU Member States** – *European Observatory for Inclusive Employment and Sustainable Development Goals*.

Roma

ERGO Network pointed out that **social economy holds a great potential to positively contribute to a sustainable and inclusive recovery, where the Roma are not left behind**, but supported towards

⁵¹ Suggestion made in position papers by ENSIE, Coorace, Eco-Razeni Association, Fédération des entreprises d'insertion, FADEI, GALILEO PROGETTI Nonprofit Kft., Klimax Plus, RISE, ŠENT, Stichting De Omslag, TESSEA CR

⁵² Suggestion made in position paper by European Observatory for Inclusive Employment and Sustainable Development Goals

⁵³ Suggestion made in position paper by European Disability Forum

⁵⁴ Suggestion made in position paper by European Observatory for Inclusive Employment and Sustainable Development Goals

⁵⁵ Suggestion made in position paper by European Disability Forum and Asociación MIRA España

better social and economy outcomes, while combatting prejudice and promoting peaceful coexistence. In their view, **WISEs represent a good solution for the preservation of Roma traits and crafts that are on the verge of being forgotten.**

The ERGO network also suggested to mainstream social enterprises and the social economy into EU law, policy, and programmes and **spell out Roma as a key target group in EU initiatives** such as the EU Roma Integration Framework, Youth Guarantee and Child Guarantee. Legislative proposals should strive for social inclusion and clearly name Roma communities among the intended beneficiaries.

They call for all social economy actors to be mindful of deeply-rooted discrimination and anti-gypsyism in all countries and make conscious efforts to combat any such tendencies in their work.

People experiencing homelessness

FEANTSA reminded that it should be recognised that homeless services are first and foremost provided by not-for-profit organisations **and that employment and social economy policies can play an important part in approaches and solutions to preventing and ending homelessness in Europe**, but that they are not a guaranteed solution to all of that challenges that a homeless person might face.

From the perspective of the homelessness sector, the European Platform for Combatting Homelessness is the flagship initiative to prevent and reduce homelessness in the EU. FEANTSA suggested that the innovative approaches and inspiring examples arising from the Platform should be channelled into the social economy sector via the SEAP. **Models of social enterprises that are designed specifically for people experiencing homelessness and their unique needs and obstacles to accessing the labour market should be promoted.**

Migrants

Migrants, refugees in particular, often are in need of support when they first arrive in a new country. Social economy organisations contribute significantly to the integration of migrants and refugees, at the different stages of the integration process. The earlier the access to the labour market, the more effective the integration process. Social economy organisations can also provide labour opportunities with specifically adapted conditions, for example in terms of linguistic support, which can have an overall positive effect on the participation to the labour market. The *Municipality of Lampedusa and Linosa* pointed out that **social economy opportunities for migrants can speed up their process of integration**, helping them in becoming a productive member of the European society and local community. In their view this can lead to wider societal change: **“Through social economy, local European Citizens can reimagine the economic model of their communities shaping new sustainable entrepreneurial initiatives based on new societal context** (result of migration) and ready to answer to the new needs”.

Youth

Young people, especially from disadvantaged backgrounds, are also a target group for the work of social economy organisations and can benefit from their activities. The overall increased awareness of environmental and social issues among young people, combined with a rising interest in entrepreneurship with social impact, could potentially make social entrepreneurship the careerpath of choice for many dedicated young professionals. In addition to social entrepreneurship, the

cooperative model has been found to be an attractive option with viable employment opportunities for young people⁵⁶. Despite its potential, however, many young people remain unaware of social economy business models and their opportunities⁵⁷.

In this sense, several stakeholders and experts stressed the importance of promoting awareness and recognition of the social economy among young people, in order to promote a transition towards a more sustainable and fairer society⁵⁸. To reach this objective, stakeholders suggested that efforts be made to include teaching on the social economy in schools and universities.⁵⁹ Social Economy Europe⁶⁰ and ConcertES called for the development of Erasmus+ opportunities on social entrepreneurship.

Some stakeholders focused particularly on cooperatives, underlining the importance of raising awareness about the cooperative model among young people.⁶¹ On this, CECOP and ZLSP Poland suggested that professional trainings be developed within cooperatives and on the cooperative model, particularly targeting young people.

Women

The gender dimension was mentioned in the contributions, mainly in calls for promoting female entrepreneurship and gender equality as a whole. Indeed, in their position papers, a number of stakeholders called on the European Commission to ensure that full gender equity is mainstreamed throughout the action plan for the social economy and that specific attention be given to fostering and supporting female-led social enterprises.⁶²

On gender and working conditions, the European Disability Forum invited the action plan for the social economy to pay particular attention to furthering the employment quality of women with disabilities. They added that the action plan should seek to combat harassment, including sexual harassment, faced by women with disabilities working in social enterprises.

At the Social Economy Summit in Mannheim, experts highlighted the challenges faced by women between the ages of 45 and 65 that undertake both work and care responsibilities. To this end, they stressed the value of career coaching and the importance of work-life balance and promoting a more inclusive labour market.

Commission analysis

These stakeholder inputs confirm how the social economy serves a variety of target groups. Each of these target groups is important and indirectly covered by most of the actions in the action plan, even if not spelt out explicitly each time.

⁵⁶ International Cooperative Alliance, *Young People and Cooperatives: a perfect match?*, 2021, p. 65.

⁵⁷ See note 59, p. 26 and [ESSC 2021 Workshop](#): "Social Economy and Youth Entrepreneurship for a sustainable recovery".

⁵⁸ Suggestion made in position papers by Caritas Europa, CECOP and EMES International Research Network.

⁵⁹ Suggestion made in position papers by Caritas Europa, EMES International Research Network and Euclid Network and by speakers at the European Social Economy Summit.

⁶⁰ Social Economy Europe's position paper was also submitted by AMICE & CEPES.

⁶¹ Suggestion made in position papers by CECOP, CG Scop, Cooperatives Europe, the Wallon Region and ZLSP Poland.

⁶² Suggestion made in position papers by Euclid Network and Advocating 4 non-profit enterprises

4.5 Developing policy and legal frameworks

The Social Business Initiative and its follow-up activities have had important effects on the regulatory and institutional operating environments of the social economy and social enterprises.

Main problems / challenges as perceived by stakeholders and experts
<ul style="list-style-type: none">• Social economy entities are not legally recognised at the European level• The framework conditions for the creation and growth of social enterprises are mainly implemented at national level. Some stakeholders would like to see a stronger role for the European level.• The diversity of enterprise models operating in the EU is not sufficiently taken into account when legislation is drafted or revised• The particularities of work integration social enterprises (WISEs) and WISEs employing persons with disabilities (D-WISE) are not always taken into account in policy development related to the social economy• Social economy entities are excluded from accessing certain opportunities due to lack of information on and awareness about their legal forms• Certain national enterprise development finance and support programmes, many of which are funded by EU funds, still exclude social enterprise legal forms, even when they meet the EU's definition for SMEs• Social economy entities are excluded from accessing certain opportunities due to non-inclusive legal criteria⁶³

Suggestions from stakeholders

Several stakeholders, experts and Member States⁶⁴, as well as the Mannheim Declaration, provided suggestions on improving policy and legal frameworks related to the social economy. Throughout the consultation process, stakeholders and experts called for more inclusive EU legislation, strengthened social dialogue and proposed new policies and initiatives. While presenting their comments, many underlined the diversity of social economy actors.

In response to the roadmap consultation, several stakeholders called on the EU to promote and support Member States in setting up appropriate framework conditions, as well as guide them in improving their social economy ecosystems.⁶⁵ To this end, the European Confederation of Inclusive Enterprises and the Spanish Council for the Defense of Disability and Dependency (CEDDD) suggested that a permanent support system for the social economy be established at European level to later be transposed into the national legal systems. On this topic, the Mannheim Declaration pointed out that

⁶³ For example: Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises can indirectly exclude work integration social enterprises (WISEs) from the group of beneficiaries of public aids for SMEs as the definition of company size is linked to the number of people working in the company. In addition the ownership structure can also lead to not being considered an (autonomous) SME.

⁶⁴ This reference concerns a position paper developed by France and supported by Belgium, Bulgaria, Italy, Luxembourg, Portugal, Spain and Slovakia.

⁶⁵ Suggestion made in position papers by European Confederation of Inclusive Enterprises (EUCIE), SLOGA Platform, Spanish Council for the Defense of Disability and Dependency (CEDDD) and European Association of Service providers for Persons with Disabilities (EASPD).

“(…) [t]he development of appropriate legal, regulatory and fiscal frameworks must (…) emerge from the national and local environments in which social economy enterprises and organisations operate.”

In their contributions, stakeholders further underlined that the diversity of enterprise models operating in the European Union must be considered when legislation is drafted or revised.⁶⁶ To this end, Social Economy Europe⁶⁷ and AIM suggested that a protocol on the diversity of forms of enterprises in the EU be adopted as an annex to the Treaty on the Functioning of the European Union (TFEU), including the social economy actors and their different legal forms.

On social dialogue, several stakeholders underlined that the action plan should address the need to further develop and promote social dialogue and collective bargaining in the social economy.⁶⁸ Some stressed that this would be particularly relevant for the social services sector, where current workforce challenges must be addressed.⁶⁹

Working conditions in the social economy overall are understood to be good, but some concerns have been raised, especially in situations when public tenders are solely based on cost (see section 4.8). On working conditions, several GECES experts pointed out the lack of data on the topic and called for the collection of more information with a view to improve policies.⁷⁰ However it was recognized, that gathering data on this topic would be a complex matter and it would need to include a comparison with the situation in traditional (for-profit) businesses. Eurofound suggested that national working conditions surveys should provide a separate analysis of the working conditions in social economy organisations.

In addition, the European Observatory for Inclusive Employment and Sustainable Development Goals had a more specific request, calling on the European Commission to collect data and support research on the impact of the COVID-19 pandemic on the rights of workers with disabilities, taking a gender-sensitive and intersectional approach.

The Commission also received several suggestions concerning labels and certification of varied scope. The Mannheim Declaration invites a reflection on labels and certification “to boost the recognition of products, services and enterprises and highlight the social economy’s role in tackling societal challenges”. While RREUSE called for the creation of a European social label specifically for social economy products⁷¹, the GECES working group set up for preparing InvestEU looked at the feasibility of social finance labels. The latter concluded that such labels could play a role in helping mobilise finance for social purposes, but that independence would be crucial for their credibility. The experts

⁶⁶ Suggestion made in position papers by Social Economy Europe (SEE), AMICE, CEPES, AIM, Spanish Council for the Defense of Disability and Dependency (CEDDD), Cooperatives Europe, ZLSP (Poland), Eurodiaconia

⁶⁷ Social Economy Europe’s position paper was also submitted by AMICE & CEPES.

⁶⁸ Suggestion made in position papers by Social Services Europe, Union des employeurs de l’économie sociale et solidaire, Federation of European Social Employers, Humana DE, EPSU and European Association of Service providers for Persons with Disabilities (EASPD).

⁶⁹ Suggestion made in position papers by Social Services Europe, Union des employeurs de l’économie sociale et solidaire, Federation of European Social Employers, Social Employers and EPSU joint statement and European Association of Service providers for Persons with Disabilities (EASPD).

⁷⁰ This point is made in reference to the GECES meeting of 23 March 2021.

⁷¹ In their position paper, RREUSE explained that the aim of this European Label for social economy products would be to boost and incentivise companies to integrate social considerations and empower consumers to make informed choices.

also cautioned that labels can be costly and complex to set up and manage and EU labels were not realistic. In a different vein, in response to a Commission consultation of the GECES on State aid, the French authorities highlighted the French accreditation framework enabling State aid for social enterprise financing (“solidarity-based enterprise of social utility”), designed to create an asset class for channelling long-term private savings towards social companies, with fiscal incentives for risk finance investors through income tax reductions.

Commission analysis
Member States are responsible for putting in place policy and legal frameworks supporting the development of the social economy at national level. The diversity of starting points means that a “one size fits all” approach is not feasible and supporting the social economy will require different approaches. The Commission can play a supporting role by providing guidance, fostering mutual learning and the exchange of good practices regarding policies and legal frameworks. Regarding labels and certification/accreditation, the Commission can facilitate a reflection on schemes existing at national level, their purposes, and how they can help to strategically unlock new opportunities for the social economy, including in relation to State aid.

4.6 Social economy and State aid

Main problems / challenges as perceived by stakeholders and experts
<ul style="list-style-type: none"> • Lack of awareness of State aid rules and their impact on social enterprises • EU competition and State aid rules do not always match the specific features of the social economy • The General Block Exemption Regulation is perceived as overly complex and as not taking fully into account the specific needs of the social economy • The complexity of some Services of General Economic Interest (SGEI) rules hinders the allocation of SGEIs to social economy organisations • Local authorities lack awareness on the procedures for implementing State aid under the General Block Exemption Regulation

Suggestions from stakeholders

Several stakeholders and experts made comments and suggestions on the social economy and State aid throughout the consultation process. Many highlighted the need to revise and adapt EU competition and State aid rules to the particularities of social economy entities and called on specific changes to legislation and initiatives.

In response to the roadmap, several stakeholders called for the State aid General Block Exemption Regulation (n° 651/2014 of 17 June 201) to be modified in order to better take stock of the specific

needs of the social economy⁷², while others underlined that the complexity of the legislation should be addressed⁷³.

On improving legal frameworks, a position paper supported by eight Member States⁷⁴ suggested that the State aid General Block Exemption Regulation introduce a definition for social enterprises, based on the definition already enshrined in Regulation (EU) no 346/2013⁷⁵. On this topic, the Mannheim Declaration pointed out that "(...) [t]he development of appropriate legal, regulatory and fiscal frameworks must (...) emerge from the national and local environments in which social economy enterprises and organisations operate."

In their position paper, the Five Flemish provinces & Association of Flemish Provinces explained that the complexity of State aid rules and regulations leads many local/regional governments to resort to *de minimis*, which do not serve the social economy adequately. Indeed, several stakeholders made reference to the *de minimis* Regulation in their position papers. Some called for an increase of the threshold of *de minimis* State aid provided for services of general economic interest⁷⁶, while others emphasised that EU discipline with regard to *de minimis* rules must be respected and implemented in national grant programmes⁷⁷.

Also on State aid, some business representatives present at the social partners' consultation spoke in support of extending the maximum duration of wage subsidies for the recruitment of disadvantaged and severely disadvantaged workers under the General Block Exemption Regulation. Along these lines, in response to the roadmap, ENSIE and ConcertES pointed out that the General Block Exemption Regulation should be revised regarding the definitions of disadvantaged and severely disadvantaged workers and the aids for their employment and training.⁷⁸

In response to a Commission consultation of the GECES on state aid, the French authorities highlighted the French accreditation framework enabling State aid for social enterprise financing ("solidarity-based enterprise of social utility") (see previous section).

⁷² Suggestion made in position papers by Social Economy Europe, AMICE, ENSIE, Coorace, Eco-Razeni Association, Fédération des entreprises d'insertion, FAEDEI, GALILEO PROGETTI Nonprofit Kft., Klimax Plus, RISE, ŠENT, Stichting De Omslag, TESSEA CR, ConcertES and the European Association of Service providers for Persons with Disabilities (EASPD).

⁷³ Suggestion made in position papers by Five Flemish provinces & Association of Flemish Provinces and ENSIE (Coorace, Eco-Razeni Association, Fédération des entreprises d'insertion, FAEDEI, GALILEO PROGETTI Nonprofit Kft., Klimax Plus, RISE, ŠENT, Stichting De Omslag, TESSEA CR).

⁷⁴ Position paper developed by France and supported by Belgium, Bulgaria, Italy, Luxembourg, Portugal, Spain and Slovakia.

⁷⁵ Regulation (EU) No 346/2013 of the European Parliament and of the Council on European social entrepreneurship funds.

⁷⁶ Suggestion made in position papers by ENSIE and CECOP.

⁷⁷ Suggestion made in position paper by the Hungarian Social Enterprise Coalition.

⁷⁸ ENSIE's position paper was also submitted by Coorace, Eco-Razeni Association, Fédération des entreprises d'insertion, FAEDEI, GALILEO PROGETTI Nonprofit Kft., Klimax Plus, RISE, ŠENT, Stichting De Omslag, TESSEA CR. The stakeholders point out that "the limits of the "Aid for the recruitment of disadvantaged workers in the form of wage subsidies" (art.32) do not allow to integrate many disadvantaged groups because the financial support is insufficient to cover their non-productivity and also because they are not ready to integrate the conventional labour market after 12 or 24 months of integration pathways (justifying the need of a longer period of financial support in general and, more specifically, for people over 50)."

Commission analysis

The current possibilities allowed by the existing State aid framework are not always fully exploited, therefore awareness raising is needed. The revision process in connection with the expiry of the General Block Exemption Regulation in 2023 will be an occasion to consider the potential need for changes.

4.7 Taxation

Main problems / challenges as perceived by stakeholders and experts

- Lack of awareness of how EU fiscal rules can be used to maximise investment into the social economy
- Lack of a favourable VAT framework for social enterprises and organisations
- Lack of tax exemption initiatives aiming to incentivise investors to provide financial support to social entrepreneurs
- The social economy sector is rarely mentioned in EU taxation policies
- The cuts to public expenditure over the last decade have damaged the development of the social economy

Suggestions from stakeholders

Several stakeholders and experts made comments and suggestions on taxation throughout the targeted consultation process.

In response to the roadmap, several stakeholders highlighted the need to ensure that the EU's taxation policy favours the development of social economy actors⁷⁹ and called for facilitating taxation measures (i.e.: special rates of VAT) for the social economy.⁸⁰ Similarly, other stakeholders called for a favourable VAT framework for social enterprises active in the circular economy⁸¹ and underlined that the EU should incentivise investments in social entrepreneurs and enterprises through tax exemptions⁸². Along these lines, Philanthropy Advocacy suggested that the implementation of the non-discrimination principle be improved and called for a fairer VAT deal for public-benefit organisations via a code of conduct.

RREUSE pointed out a problem with VAT leading to incentives that work counter to the logic of sustainability: in many cases it is currently cheaper for manufacturers and retailers to destroy usable goods (including new goods) than to donate them to non-profit organisations (because VAT payments are required for donations).

In their position paper, the European Association of Service providers for Persons with Disabilities (EASPD) explained that the EU's fiscal rules and promotion of cuts to public expenditure over the last decade have damaged the development of the social economy, in particular the development of the

⁷⁹ Suggestion made in position papers by Social Economy Europe, AMICE and CEPES.

⁸⁰ Suggestion made in position papers by Federation of European Social Employers, European Confederation of Inclusive Enterprises (EUCIE), Humana DE, CECOP, Spanish Council for the Defense of Disability and Dependency (CEDDD) and European Association of Service providers for Persons with Disabilities (EASPD).

⁸¹ Suggestion made in position paper by RREUSE.

⁸² Suggestion made in position paper by WEF COVID Response Alliance for Social Entrepreneurs.

social services sector, whose structural vulnerability is in large part caused by underinvestment. In this sense, they called for the action plan for the social economy to demonstrate how EU fiscal rules can be used to maximise investment into the social economy, including through the flexibility clause.

Commission analysis
The fiscal framework within which social economy organisations operate is largely defined by Member States subject to EU legislation and is in many cases rather complex and fragmented. An exchange about existing practices can be suggested to support the Member States who are interested in fostering the social economy ecosystem in their country. Facilitating such exchanges may help to identify best practices and cross-border learning. Donations are not subject to VAT but the VAT paid on goods donated cannot be deducted ⁸³ . While rules on VAT deduction may merit proper assessment (especially with view to the green transition), the issue goes beyond the objectives of the social economy action plan and would require an impact assessment that could also look at potential issues of tax avoidance and distortion of competition.

4.8 Better access to markets: socially responsible public procurement

While access to public markets was in principle facilitated by the latest overhaul of EU public procurement rules, social economy organisations still largely fail to seize the opportunities deriving from public tenders. There also remains a lot of untapped potential for scaling up social entrepreneurial activities on the basis of private procurement and partnerships with mainstream enterprises (see SBI study).

Capacity building is needed to strengthen managerial skills and professionalisation, but also to better prepare the public sector and financial intermediaries for working with social economy organisations (see SBI study).

Main problems / challenges as perceived by stakeholders and experts
<ul style="list-style-type: none"> • The Treaty on the Functioning of the European Union (TFEU) does not fully reflect the diversity of companies operating in the Single Market • EU trade agreements do not systematically include measures to support the social economy sector • The social economy sector is not visible within the public procurement directives • Socially responsible public procurement is not sufficiently promoted within the EU • Social economy entities do not know how to identify and successfully bid for public tenders • Lack of incentives for private procurement from social enterprises • Most procurement officials (public and private) do not have the necessary skills and background knowledge to prepare tenders that are accessible to social economy actors. • Member States and public authorities are not sufficiently aware of the significant opportunities Directive 2014/24/EU on public procurement can generate for Work Integration Social Enterprises (WISEs)

⁸³ VAT on donations cannot be deducted as this is not business use, unless they can no longer be sold, e.g. food products after due date.

Suggestions from stakeholders

Better access to markets is a priority for numerous stakeholders. They highlighted the need to improve the legal framework, facilitate public and private procurement, build partnerships and stimulate cross-border operations.

In particular, several stakeholders argued in favour of a revision of Article 54 of the TFEU to better reflect the diversity of actors operating in the Single Market⁸⁴. Along these lines, some stakeholders emphasised the need to improve equal access to the Single Market for the social economy⁸⁵.

GECES experts⁸⁶ and Social Economy Europe stressed the importance of promoting socially responsible public procurement in Europe in general. Other stakeholders called more specifically for an increased use of social clauses and reserved contracts in public procurement.⁸⁷ Similar comments were also noted at the European Social Economy Summit. In the GECES meeting of 23 March 2021, it was stressed that public tenders were still often awarded solely on the basis of the price criterion and that this had a negative effect on the working conditions in the social economy.

On the subject of improving access to markets, some Member States⁸⁸ and GECES experts⁸⁹ pointed out that cross-border cooperation remains difficult. To overcome these barriers, several stakeholders called for a legal recognition for associations, foundations and mutual benefit societies at European level.⁹⁰

The Walloon Region encouraged partnerships between social economy stakeholders in the traditional economy. Cooperation between social entrepreneurs and the traditional entrepreneurial ecosystem (e.g.: accelerators, incubators, chambers of commerce, development agencies) should be strengthened. Different types of partnerships could be established according to the desired area of exchange and mutual learning: local partnerships, partnerships between entrepreneurs, international partnerships, etc.

Commission analysis
The Commission shares the analysis by stakeholders that better access to markets and public procurement should be one of the priorities of the action plan. Special attention will be given to further encouraging the development of socially responsible public procurement. This will require further engaging with Member States and continuing to raise awareness and offer dedicated training.

⁸⁴ Suggestion made in position papers by Social Economy Europe, AMICE, CEPES and AIM.

⁸⁵ Suggestion made in position papers by AIM, Social Economy Europe, AMICE, CEPES and Philanthropy Advocacy

⁸⁶ This point is made in reference to the GECES meeting of 18 June 2020.

⁸⁷ Suggestion made in position papers by the City of Strasbourg, RREUSE, Caritas Europa, Position paper developed by France and supported by Belgium, Bulgaria, Italy, Luxembourg, Portugal, Spain and Slovakia

⁸⁸ Position paper developed by France and supported by Belgium, Bulgaria, Italy, Luxembourg, Portugal, Spain and Slovakia.

⁸⁹ This point is made in reference to the GECES meeting of 18 June 2020.

⁹⁰ Suggestion made in position papers by Social Economy Europe, AMICE, CEPES and AIM.

4.9 Promoting the social economy at regional and local levels

Given the significant differences between national/local contexts, there is a need to build capacity at local and regional level and tackle the specific needs of cross-border⁹¹ social economy organisations in rural and peripheral areas (see SBI study). The European Social Economy Regions ([ESER](#)) initiative was highlighted as a successful initiative in the SBI study.

Main problems / challenges as perceived by stakeholders and experts
<ul style="list-style-type: none">• Need to improve access by local governments to European funds and programmes, such as the European structural and investment funds• Weak link between the EU and local levels, which hampers the development of social enterprises in certain regions• Lack of awareness on the role of the social economy sector in local communities• Small and local social enterprises struggle to access the resources they need

Suggestions from stakeholders

Throughout the targeted consultation process, stakeholders and experts stressed the need to focus on local partnerships and the regional level. For example, SEE suggested that local partnerships between regional and local authorities and the social economy should be further supported. Along these lines, the city of Strasbourg called for improved dialogue and collaboration with local authorities to strengthen the ties between the local and EU levels.

Strasbourg also outlined that the “[t]he Commission should encourage tools and dynamics of territorial economic cooperation” and CIRIEC recommended enhancing cooperation between social economy actors and the public sector. REVES, RTES and the Conseil Supérieur de l’Economie Sociale et Solidaire called for initiatives to promote the exchange of good practices between local governments and their ecosystems.

Also on territorial dimension, REVES suggested the establishment of a task force to ensure that EU measures take the local and regional perspectives into account. Along these lines, CG SCOP pointed out that developing cooperatives that meet citizens’ needs could contribute to the revitalisation of territories.

CECOP and REVES highlighted the need to further promote Community-Led Local Development approaches and good practices.

Commission analysis
The Commission agrees with the analysis of stakeholders that the regional dimension is of particular importance for the development of well-functioning social economy ecosystems. Well-developed regional social economy ecosystems are a way to create new jobs ⁹² and more efficient than increasing public spending for unemployment. Providing support to local and regional social

⁹¹ Mostly EU cross border, but possibly also beyond the EU.

⁹² For example: ‘[Territoires Zéro Chômeur de Longue Durée](#), a Belgian project to reduce long-term unemployment.)

economy stakeholders (including through capacity building and cross-border networking opportunities) is likely to be an important way forward.

4.10 Promoting the social economy at international level

Main problems / challenges as perceived by stakeholders and experts

- Lack of a common understanding of social economy at the international level
- The social economy is not well known to EU delegations, who lack adequate training and information on its particularities
- Lack of data and information on the challenges and experiences faced by the social economy in partner countries
- The social economy is scarcely mentioned in EU external action
- Social economy ecosystems are being developed unevenly in developing countries
- Non-EU social economy organisations are not always eligible for EU programmes and initiatives

Suggestions from stakeholders

Several stakeholders and experts pointed out the importance of developing the social economy beyond the EU. Throughout the consultation process, many emphasised the need to inform EU delegations about the social economy, called for initiatives to further develop the social economy in the EU neighbourhood and beyond, and encouraged EU institutions to cooperate with international and regional organisations on the topic.

In the GECES meeting of 23 March 2021, a number of experts called for further research on the development of social economy ecosystems in different parts of the world. On cooperation with international organisations, some GECES experts underlined that it was key to work with actors such as ILO, UNTSFSSE or OECD.

Moreover, stakeholders⁹³ called for the social economy to be put on the agenda of global fora and conferences such as the UN General Assembly, G7 and G20 and the COP Climate negotiations. At the European Social Economy Summit, several speakers emphasised the need to look “beyond Europe”. Here, the importance of promoting social businesses at the upcoming EU-Africa Summit was also underlined.

Commission analysis

The topic of social economy in general has been receiving increased levels of attention in various international fora in recent years. The Commission can continue to cooperate with key international partners to make good use of this momentum. In addition, the social economy can be addressed in the EU’s neighbourhood and enlargement policy as well as in international cooperation. More can be done to enhance mutual learning and exchange of practices between the EU and third countries.

⁹³ Suggestion made in position papers by Caritas Europa and ESS Forum International

4.11 Improving access to funding

The Social Business Initiative and its follow-up activities have made it easier for social enterprises to access public and private funding. Interviewed stakeholders highlighted the role of EU policies and EU funds as a key driver for strengthening social economy ecosystems. They considered that the general SBI objectives remain relevant and that needs persist: access to finance continue to be an important need according to the SBI study.

Main problems / challenges as perceived by stakeholders and experts
<ul style="list-style-type: none">• Information on EU funding opportunities (i.e.: funds, existing financing opportunities and new opportunities linked to Next Generation EU) is unclear to social economy stakeholders• EU and national financing opportunities are not tailored to the needs of social economy organisations• The procedure, criteria and requirements of EU programmes and funds are not adapted to the specific features of social economy actors, which leads many to be excluded from these opportunities• The social economy sector has not been sufficiently supported in the Recovery and Resilience plans proposed by Member States• Social enterprises are excluded from certain EU financial instruments because the definitions adopted do not reflect the broad spectrum of organisations operating in the Single Market• SME programmes such as COSME or fund-of-funds such as the Social Impact Accelerator fail to adequately address the specificities of social economy actors• Lack of financial and technical assistance instruments designed for the social economy sector• No strong culture of data collection and measurement across social economy actors, including investors

Suggestions from stakeholders

Improving access to funding was a key topic raised by experts, stakeholders and some Member States in official meetings, relevant conferences and events and in position papers.

Overall, stakeholders and experts pointed out the need to adapt eligibility criteria and legal requirements to the particularities of social economy actors, provide access to both financial and non-financial support, and create new funding schemes. In response to the roadmap, the Commission also received suggestions on how to improve access to funding for entities in this sector.

For example, a number of stakeholders called for the creation of an **EU online platform** that could support social economy actors in accessing EU funds and opportunities.⁹⁴ In the GECES meeting of 18 June 2020, experts underlined that requesting access to EU funds is too complex and called for the creation of a specific EU fund for social economy actors. At the European Social Economy Summit stakeholders expressed a need for clearer communication efforts between the European Commission

⁹⁴ Suggestion made in position papers by Social Economy Europe, UDES, ENSIE, Coorace, Eco-Razeni Association, Fédération des entreprises d'insertion, FAEDEL, GALILEO PROGETTI Nonprofit Kft., Klimax Plus, RISE, ŠENT, Stichting De Omslag, TESSEA CR and Conseil Supérieur de l'Economie Sociale et Solidaire (FR).

and national public institutions, as well as between the national/regional authorities and social investors.

On the specific case of philanthropic organisations, a number of stakeholders suggested that EU and national measures should be developed to stimulate foundation engagement into social business.⁹⁵

EVPA signalled the need to create a generally accepted framework for Impact Measurement and Management (IMM) practices and suggested a closer cooperation between the social economy and the academic world, as well as the establishment of a pan-European database on IMM practices. A position paper supported by several Member States⁹⁶ identified similar challenges and called on the European Commission to give a mandate to the EIB Group to develop technical assistance and financing tools tailored for social economy players.

ESS Forum International called for new financing instruments to provide seed capital and acceleration capital for social economy projects, while Euclid Network called for investments in existing impact funds which support the social economy.

Commission analysis

Improving access to funding is a key topic for supporting the social economy. It transpires from the feedback that many social economy stakeholders are unaware of the EU funding opportunities available to them, including the instruments specifically designed under the EaSI programme 2014-2020, which addresses many of the reported needs. Improvements can be made to the information available on funding opportunities specific to the social economy, as well as on opportunities in other EU funding programmes.

It is important to foster synergies among funding instruments and to continue mobilising private finance, patient capital and advisory support, tailored to the needs of social enterprises and social economy organisations. A revised set of financial instruments will be set up under InvestEU, building on those developed under the EaSI programme 2014-2020 and EFSI and managed for the European Commission by the EIF and other implementing partners.

Concerning the suggestion regarding the involvement of the EIB Group, the involvement of the EIF (part of the EIB Group) in these funding tools already effectively addresses this concern. In addition the Commission developed technical assistance and other financing tools to boost the supply and demand side of social enterprise finance. InvestEU and the EaSI strand of the ESF+ programme will enable these kinds of support measures to be renewed.

4.12 Boosting social innovation

The issue of how to scale and/or replicate social innovations is a recurring theme among stakeholders since several years. Various challenges are identified.

⁹⁵ Suggestion made in position papers by Social Economy Europe and Philanthropy Advocacy.

⁹⁶ Position paper developed by France and supported by Belgium, Bulgaria, Italy, Luxembourg, Portugal, Spain and Slovakia.

Main problems / challenges as perceived by stakeholders and experts
<ul style="list-style-type: none"> • Bureaucratic burdens hinder the development of smaller social innovation projects and organisations • Lack of opportunities for mutual learning and exchange between social innovation projects funded in the framework of EU cohesion policy • Difficulty in scaling up and mainstreaming social innovations • Difficulty in getting public authorities to take up social innovations proven to be effective elsewhere

Suggestions from stakeholders

Several speakers and experts stressed the need to support and promote social innovation and social entrepreneurship across Europe. This included the need to create mechanisms to scale and/or replicate successful social innovations. For example, the initial investment (often with public funds) is not capitalised on if the results of successful initiatives fail to be scaled or replicated.

In response to the roadmap, several stakeholders called for the exchange of good practices and experiences on social innovation.⁹⁷ In their position paper, REVES explained that its members have expressed a lack of opportunities for contacts and exchange between projects funded in the framework of EU Cohesion Policy, including the European Agricultural Rural Development Fund. Calling for the encouragement of a more collaborative approach to innovation, EURICSE pointed out that this approach could create greater awareness of the role that the social economy plays in social innovation.

In their position papers, REVES and the ILO stressed the need to improve connections and exchanges between existing projects and initiatives. Along these lines, Center Noordung suggested the creation of mentoring partnerships between emerging socially innovative initiatives and those that are already successfully operating. As a concrete proposal, Center Noordung and Catalyst 2030 suggested the development of a network of social innovation ambassadors, where staff from sectoral agencies, business support organisations, SMEs and big enterprises could be trained for social entrepreneurship and on social innovation.

Commission analysis
It is important to foster social innovation but also to widely spread knowledge about new approaches and models to facilitate scaling and replication. Organising mutual learning and capacity building for relevant authorities and building support structures (like competence centres) can help to transfer and scale up social innovation, and hopefully achieve systemic impact.

4.13 Fostering digitalisation and new technologies

Main problems / challenges as perceived by stakeholders and experts
<ul style="list-style-type: none"> • Lack of digital skills in the social economy sector • The digital gap has been reinforced during the COVID-19 crisis

⁹⁷ Suggestion made in position papers by Catalyst 2030, Center Noordung, ILO, REVES, ERICSE.

- Many social enterprises are yet to undergo digital transformation as they lack expertise in digitalisation
- The value of technology is still under appreciated in the process of developing and scaling-up innovation
- Lack of visibility of the role of the social economy sector in digital education and the digital economy

Suggetions from stakeholders

Improving digitalisation was also a common theme in stakeholder expert feedback. In response to the roadmap, ideas such as promoting digital social enterprises more actively⁹⁸ and improving the digitalisation of social economy actors⁹⁹ to better integrate most vulnerable groups in the labour market were put forward.¹⁰⁰ For example, in their position paper, Catalyst 2030 stressed that social enterprises can help promote digital education, one of the key tools to empower young people for their future and for coping with rapidly changing digital innovations, to reach a more diverse range of target groups. Cooperatives Europe stressed that the digital gap should be addressed from a gender perspective.

On skills, the European Observatory for Inclusive Employment and Sustainable Development Goals called on the European Commission to ensure that EU-level funds can be easily accessed to finance projects around education, training, lifelong learning, skills development and traineeship-to-employment programmes, in order to equip workers with disabilities with knowledge and competences that match the demand for green, digital and in-sourcing skills. The Mannheim Declaration highlighted the important role of skills, calling on the European Commission to “(...) support the upskilling of social economy workers in areas such as digitalisation, participatory governance and the green transition.”

Commission analysis

Supporting social economy organisations in their digitalisation efforts is one area for further capacity building and mutual learning. Facilitating the creation of social economy tech start-ups and connecting social economy organisations with relevant support structures for digitalisation seem to be actions worth pursuing.

4.14 Maximising the contribution of the social economy to the European Green Deal and circular economy

Main problems / challenges as perceived by stakeholders and experts

- Lack of visibility of the role and potential of the social economy model in the green transition
- Lack of convergence between green and social objectives
- Lack of equal footing of environmental, social and employment sectors when setting ambitious EU level targets for the circular economy

⁹⁸ Suggestion made in position paper by EURICSE.

⁹⁹ Suggestion made in position paper by Walloon Region.

¹⁰⁰ Suggestion made in position paper by the ILO.

- The social economy is not mainstreamed within circular policies
- Lack of investment in capacity-building of social economy organisations and public authorities in the green context

Suggestions from stakeholders

Throughout the consultation process, stakeholders and experts have highlighted the importance of the social economy for the green transition. In response to the roadmap, RREUSE made a number of suggestions in support of the circular economy. For example, RREUSE called for the development of flexible labour market integration policies to match evolving circular business models. Along these lines, several stakeholders called on the European Commission to consider setting social and employment objectives within circular economy related policies and to create a clear link between the action plan for the social economy and the Circular Economy Initiatives.¹⁰¹

During the Road to Mannheim events, several speakers emphasised the relevance of consumer cooperatives, and other social economy forms, in achieving sustainability and transitioning to a circular economy. This point was also highlighted at the European Social Economy Summit. In response to the roadmap, the WWF European Policy Office stressed the role of the social economy in fulfilling the SDGs, the European Green Deal and in addressing climate change.

Commission analysis

Helping social economy organisations adopt greener and climate friendly practices and integrate environmental goals in their work can be supported with capacity building. In the circular economy, partnerships between social enterprises and mainstream businesses may be a promising approach to boost the development of Local Green Deals or green citizenship actions.

4.15 Promoting entrepreneurial skills and capacity building

The capacity to self-organise as well as research, education and skills development were among the opportunities and challenges identified in the 2020 mapping study.

Main problems / challenges as perceived by stakeholders and experts

- Lack of initiatives aiming to develop social entrepreneurs' managerial and digital skills
- Entrepreneurial culture is not sufficiently promoted across the EU
- Lack of incentives, support and mentoring beyond the start-up phase hinders self-entrepreneurship and, in particular, female entrepreneurship
- Aspiring social entrepreneurs continue to be impacted by gender stereotypes and unequal care responsibilities

Suggestions from stakeholders

Focusing on social entrepreneurship, several speakers at the European Social Economy Summit emphasised the need to develop entrepreneurial skills and mindsets through education. At the

¹⁰¹ Suggestion made in position papers by ENSIE, Coorace, Eco-Razeni Association, Fédération des entreprises d'insertion, FADEI, GALILEO PROGETTI Nonprofit Kft., Klimax Plus, RISE, ŠENT, Stichting De Omslag, TESSEA CR

Summit, as well as in other conferences and events, speakers suggested that courses on social entrepreneurship be included in school curriculums.

In response to the roadmap, several speakers expressed the view that female entrepreneurship should be encouraged and supported.¹⁰² In their position paper, the Walloon Region called on the European Commission to encourage a gendered approach in public policies pertaining to the social economy by supporting female entrepreneurship through bolstering the skills, financial resources and networks of female entrepreneurs and supporting the employment of female workers within integration enterprises. Along these lines, Cooperatives Europe stressed that female entrepreneurs should be supported through the provision of effective follow-up and support on access to capital and credit. Similar points were raised at the Social Economy Summit, where speakers emphasised the challenges faced by women entrepreneurs, including the impact of different maternity leave opportunities and unequal care responsibilities. Experts suggested lifelong learning and flexible working arrangements as strategies to facilitate balancing career and care responsibilities for women entrepreneurs. (See also section 2.4 on the gender dimension).

Commission analysis
Promoting entrepreneurial skills could be another building block in capacity-building measures. This may lend itself particularly well to peer-to-peer learning. Existing social economy networks could be used to foster and exchange good practices on entrepreneurial skills in the social economy context. The promotion of synergies between the EU funding programmes devoted to lifelong learning and job creation may further contribute to this objective and to maximise the existing investments.

4.16 Implementation of the action plan for the social economy

Main problems / challenges as perceived by stakeholders and experts
<ul style="list-style-type: none"> • The action plan for the social economy must be fully integrated with other EU initiatives and programmes (i.e.: EU Green Deal, European Pillar of Social Rights, Disability Strategy, Skills Agenda, Platform Work Initiative, SME Strategy, Industrial Strategy) • The implementation of the action plan should be assessed on a yearly basis •

Suggestions from stakeholders

Throughout the consultation process, several stakeholders (among them Social Services Europe) called for a participatory approach to policy design and implementation and indicated their availability for co-creation processes. This was also underlined in the Mannheim Declaration: "The preparation of public policy making should be carried out in close cooperation with social economy actors for greater policy coherence and greater effectiveness".

¹⁰² Suggestion made in position papers by the Walloon Region and Cooperatives Europe.

In response to the roadmap, several stakeholders called for the action plan to be renewed every 5-6 years.¹⁰³ This point was also made in the European social partners' consultation. In addition, some stakeholders called for the implementation of the action plan to be assessed on an annual basis by the GECES.¹⁰⁴ A few stakeholders suggested that the GECES be strengthened¹⁰⁵ and renewed at the end of its mandate in 2024.¹⁰⁶ In addition, several stakeholders¹⁰⁷, in response to the roadmap, called for the action plan to be fully connected with other EU initiatives and programmes such as the European Pillar of Social Rights, the EU Green Deal and the Skills Agenda. Looking beyond EU initiatives, WWF European Policy Office and Eurodiaconia stressed that the action plan should be aligned with the Sustainable Development Goals (SDGs).

The need for the social economy to complement public support, rather than replace it, was also raised by some stakeholders in response to the roadmap and by trade union representatives at the European social partners' consultation. This message was echoed by the Mannheim declaration which stressed that "the social economy should complement public approach in tackling societal challenges but not replace it."

Commission analysis
To succeed with implementation, the Commission will need to work in close partnership with social economy actors, other EU institutions and bodies, the European Investment Bank Group, Member States, regions, industry, network organisations and other key stakeholders. Ensuring their support and buy-in will be key.

¹⁰³ Suggestion made in position papers by UDES, Social Economy Europe (SEE) and EASPD.

¹⁰⁴ Suggestion made in position papers by UDES, SEE, Philanthropy Advocacy, EASPD and Cooperatives Europe.

¹⁰⁵ Suggestion made in position papers by SEE and Social Services Europe.

¹⁰⁶ Suggestion made in position papers by SEE and Philanthropy Advocacy.

¹⁰⁷ Suggestion made in position papers by CECOP, Cooperatives Europe, Fair Trade Advocacy Office, FEANTSA, Region Örebro County, RTES and SLOGA Platform.

5. EU BUDGET TO SUPPORT SOCIAL ECONOMY 2021-2027

EU budget to support and unlock investment in the social economy and social innovation during 2021-2027

During 2014-2020, the EU budget mobilised directly at least EUR 2.5 billion for the social economy and other related topics (e.g. microfinance, social innovation, inclusive entrepreneurship). Thanks to the multiplier effect of the financial instruments for microfinance and social enterprise, at least EUR 7.9 billion were mobilised from EU, national and private resources¹⁰⁸.

Cohesion policy funds can be used to promote the social economy, including through support to social entrepreneurship, social innovation, education and training, experimentation and innovation in SMEs. Several Cohesion policy programmes support business development and promotion of cooperation for the social economy. For example:

- The **European Social Fund Plus (ESF+)**, which allocates a budget of EUR 99.3 billion, will remain an important funding source for promoting the social economy and social innovation. Social economy organisations will be well placed to benefit from ESF+ support, because their activities can help to achieve the ESF+ specific objectives, notably the objective of enhancing the inclusiveness of labour markets and access to quality employment. National and regional authorities can use grants as well as financial instruments to build social economy ecosystems.
- At the EU level, the Commission can support transnational cooperation specifically with a view to accelerating the scaling up of social innovation.
- The **European Regional Development Fund (ERDF)** can provide support for the development and upscaling of social enterprises through developing new business models and innovative solutions to address societal challenges. The support can take the shape of: business advice and guidance (business planning, coaching and mentoring, support with marketing); start-up centres and incubators; innovation activities to develop new products, services or ways of working; awareness raising, workshops, awards. In addition, ERDF-funded financial instruments can be used to provide risk capital to start-ups. Finally, ERDF makes available tools and measures to help mutual learning between different countries and regions in Europe.
- Specifically for the **culture and tourism sectors**, which suffered disproportionately from the COVID pandemic, the ERDF can support funding towards strengthening these sectors' capacity to drive economic development, social inclusion and social innovation, given the role that these sectors play in addressing socio-economic challenges at the local, regional, national and cross-border level.
- The new **European Urban Initiative** will provide space and resources for EU-wide urban experimentation to test suitability, feasibility and acceptance of social change and will support cities that can demonstrate their potential for social innovation and transformation.

¹⁰⁸ These estimates reflect only the dedicated support to social economy and other related topics. However the social economy also benefited from other broad EU measures (e.g. targeting SMEs or innovation) which are not reflected in these amounts.

- The **Interreg Europe Programme** will continue to provide opportunities for regional and local public authorities across Europe to share ideas and experience on support to the social economy.

The **Employment and Social Innovation strand under the ESF+**, with a budget of EUR 762 million, will provide EU level support for the development of social enterprises, the emergence of a social investment market, and the development of the market ecosystem around the provision of microfinance. It will also support social experimentation and guidance for the development of social infrastructure. The strand will complement the financial instruments funded under the Social Investments and Skills window of InvestEU through analytical activities, capacity building and mutual learning.

The **Social Investments and Skills window of InvestEU** will use part of its EUR 2.78 billion of guarantee to support the deployment of financial products providing repayable finance for social enterprises, irrespective of their legal form, and to microenterprises. These products will help mobilise private financing and are expected to have a multiplier effect of around 10. While most instruments for social enterprises will address small risk capital investments and debt of up to EUR 500 000, larger amounts of up to EUR 2 million will also be possible, to cater to the larger scaling needs of some organisations. Moreover, the financial products will be complemented by advisory initiatives in the fields of social enterprise finance, microfinance, impact investing and social outcomes contracting. Other InvestEU windows will also offer opportunities for social economy entities. Notably, as most social economy entities are SMEs, they will be able to benefit from support under the SME window. For example, initiatives such as worker buyouts are increasingly common among SMEs and social economy entities and will be able to benefit from support under these windows.

The **Horizon Europe** programme can contribute to research on the social economy in the context of inclusive growth and other policy targets of the European Union. For instance, the 2021-2022 Work Programme on Culture, Creativity and Inclusive Society includes several references to the social economy and social enterprises. Furthermore, support to social innovation is mainstreamed through all the strands of the programme. The new feature of Horizon Europe are “missions”, i.e., commitments to solve some of the challenges we are facing today: fighting cancer, adapting to climate change, protecting the ocean, seas and waters, living in greener cities and ensuring healthy soil and food. Alongside research and innovation projects, the missions include policy measures and legislative initiatives, as well as citizens' involvement to achieve concrete goals with large societal impact, with a budget of EUR 1.9 billion over 2021-2023.

The 2021-2027 **Erasmus+ programme** can contribute to developing entrepreneurial skills and fund actions with relevance for the social economy. For example, it can support transnational cooperation partnerships including those aiming to promote social entrepreneurship skills. The new action “Alliances for Innovation” aims to foster social innovation and tackle societal challenges through cooperation between higher education institutes, vocational education and training providers, enterprises and other relevant stakeholders. Erasmus+ can also fund strategic activities supporting policy experimentation and reform, including the promotion of social entrepreneurship skills.

The new European Solidarity Corps programme can fund projects with relevance to the social economy. For example, it can contribute to developing entrepreneurial skills through solidarity projects that are bottom-up activities set up and carried out by a group of young people themselves.

The Recovery and Resilience Facility, with EUR 732.8 billion in grants and loans¹⁰⁹, provides Member States with significant opportunities to fund reforms and investments in social and inclusive entrepreneurship. 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. It will also systematically highlight the potential of the social economy to create jobs and foster social cohesion in the context of the **European Semester process**.

The LIFE Programme will fund initiatives that address both environmental/climate and social aspects, demonstrating the links between social and environmental problems. For example, the programme will encourage investment and activities focusing on energy efficiency and small-scale renewables such as those promoted by energy cooperatives. It also aims to facilitate the transition to a circular economy, a field of activity where many social enterprises are active.

The second pillar of the Common Agricultural Policy, the **European Agriculture Fund for Rural Development**, enables measures that can contribute to the development of social economy in rural area such as investment for farmers and in basic services, diversification and cooperation and the local development method LEADER. The social economy will also be a good partner for achieving the objectives of the new **Common Agricultural Policy**, which starts in 2023. It can notably support the objective of modernising the agricultural sector by attracting young people and improving their business development, and promoting employment, growth, social inclusion and local development in rural areas.

The **Single Market Programme** will strengthen the governance of the EU single market. It will help to: make the internal market work better, through measures including improved market surveillance, problem-solving support to citizens and business, and enhanced competition policy; boost the competitiveness of businesses, in particular of small and medium-sized enterprises, including social economy organisations and social enterprises; develop effective European standards and international financial and non-financial reporting and auditing standards; give even higher protection to consumers; maintain a high level of food safety; and produce and disseminate high-quality statistics.

The **Digital Europe Programme** (DIGITAL) will focus on bringing digital technology to businesses, citizens and public administrations. It aims to accelerate the economic recovery and shape the digital transformation of Europe's society and economy, bringing benefits to everyone, but in particular to small and medium-sized enterprises. DIGITAL will provide strategic funding in five key capacity areas: supercomputing; artificial intelligence; cybersecurity; advanced digital skills; and

¹⁰⁹ In current prices, see https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en

ensuring a wide use of digital technologies across the economy and society, including through Digital Innovation Hubs.

The new **Citizens, Equality, Rights and Values Programme (CERV)** brings together the Rights, Equality and Citizenship Programme and the Europe for Citizens Programme. It aims to protect and promote European Union rights and values as enshrined in the EU Treaties and the Charter of Fundamental Rights. It contributes to sustaining and further developing open, rights-based, democratic, equal and inclusive societies based on the rule of law. CERV has four main objectives which constitute its strands: promoting equality and rights; fighting violence; citizens engagement and participation; and promoting European values. The last two strands are particularly relevant for the social economy, as they encompass town-twinning, networks of towns and remembrance actions, as well as the European networks, civil society organisations active at EU level and European think-tanks in the areas of Union Values.

One of the objectives of the **Asylum, Migration and Integration Fund (AMIF)** is to support the integration of third-country nationals. The involvement of local and regional authorities as well as civil society organisations, including refugee organisations and migrant-led organisations, and social partners, is explicitly supported as per the “partnership principle” under the Member States’ national programmes, where most funding is available. In addition, transnational projects where a string focus is usually put on cooperation with local authorities, NGOs and migrant-led organisation can be financed under the so-called thematic facility. Preparation to the access to the labour market are among the integration measures that can be supported by the AMIF.

The **Instrument for Pre-Accession Assistance (IPA)** aims to prepare beneficiaries for future EU membership. One of its key priorities is strengthening economic and social development and cohesion, including through supporting investment and private sector development, with a focus on small and medium-sized enterprises. It can play an important role in strengthening the social and economic development of the region and shaping the rules, standards, policies and practices of the IPA beneficiaries in the area of social economy in alignment with those of the EU.

The **Neighbourhood, Development and International Cooperation Instrument** houses almost all external instruments. It aims to promote stronger partnerships with third countries, including sustainable and inclusive economic growth and promoting human development. Its specific areas of cooperation include improving business environment and investment climate, developing a socially and ecologically responsible local private sector, and building capacities, competitiveness and resilience of local SMEs and start-ups, as well as of cooperatives and social enterprises, and their integration into the local, regional and global economy.

In addition, the **European Fund for Sustainable Development Plus (EFSD+)** will have a new window on human capital that should help financing the development of social economy in neighbourhood countries.

To raise awareness about the various EU funding and programmes available for the social economy, the Commission is supporting networks active at European level. For example, Euclid Network is preparing an EU Funding toolkit providing details on how to access the funding available in the period

2021-2027 and the European Venture Philanthropy Association disseminates information on EU funding opportunities through their website¹¹⁰. The Commission will soon publish a toolkit on the use of EU funds for the integration of people with a migrant background and has recently published a Toolkit for Early-Stage Social Innovators¹¹¹.

ANNEXES

Annex 1: Recent declarations on the social economy

Annex 2: List of stakeholders who submitted feedback on the social economy action plan roadmap

Annex 3: Examples of existing social economy awards

110 <https://evpa.eu.com/policy/eu-funding>

111 See https://eisma.ec.europa.eu/news/finance-your-social-innovation-new-funding-toolkit-released-2021-08-26_en

ANNEX 1: RECENT DECLARATIONS ON (OR RELATED TO) SOCIAL ECONOMY

- [Declaration of Luxembourg](#), "A roadmap to a more complete ecosystem for social economy companies." 4 December 2015
- [Declaration of Bratislava](#), "The social economy as a key player in providing effective answers to current societal challenges in the EU and the world". 1 December 2016
- [Declaration of Madrid](#), "The social economy, a business model for the future of the European Union." 23 May 2017
- [Declaration of Ljubljana](#), "Expansion of social economy enterprises in the social and solidarity economy: towards a more solid and structured cooperation between the EU and Southeast Europe." 25 April 2017
- [Lisbon declaration](#) "Social innovation as a path to a sustainable, resilient and inclusive Europe", 26 September 2018
- [Manifesto "Pact for impact, a global alliance for a social and inclusive economy"](#) Paris, 11 July 2019
- [Manifesto of the ILO Social and Solidarity Academy "The social economy in the future of work"](#), Madrid, 18 October 2019
- [Toledo Declaration 2020](#) "The Social and Solidarity Economy as a key driver for an inclusive and sustainable future", 4 December 2020
- [Porto declaration](#), 8 May 2021
- [Porto social commitment](#), 7 May 2021
- [Mannheim Declaration](#), European Social Economy summit, 27 May 2021
- [Cascais declaration](#), 13 July 2021

ANNEX 2: LIST OF STAKEHOLDERS WHO SUBMITTED FEEDBACK ON THE SOCIAL ECONOMY ACTION PLAN ROADMAP

(1 March to 26 April 2021)

code	Organisation	Country	Attachment
C01	Advocating 4 non-profit enterprises	Belgium	YES
C02	AEMA Groupe	France	YES
C03	Alleanza cooperative sociali italiane	Italy	YES
C04	Alleanza delle Cooperative Italiane	Italy	YES
C05	AMICE	Belgium	YES
C06	APM-RedeMut - Associação Portuguesa de Mutualidades	Portugal	YES
C07	ASLE - Organización empresarial de sociedades laborales y empresas participadas de Euskadi	Spain	YES
C08	Asociación MIRA España	Spain	
C09	Association Internationale de la Mutualité (AIM)	Belgium	YES
C10	AUSER APS Rete Associativa Nazionale per l'Invecchiamento Attivo	Italy	YES
C11	Baltic Innovation Agency	Estonia	
C12	Barcelona Activa	Spain	
C13	Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege e.V.	Germany	
C14	Bundesarbeitskammer Österreich	Austria	
C15	Carbery Housing Association CLF	Ireland	
C16	Caritas Europa	Italy	YES
C17	Catalyst 2030	France	YES
C18	CECOP - European Confederation of Industrial and Service Cooperatives	Belgium	YES
C19	Center Noordung	Slovenia	YES
C20	CIRIEC (Centre International de Recherches et d'Information sur l'Economie publique, sociale et coopérative)	Belgium	YES
C21	Clann Credo - Community Loan Finance	Ireland	
C22	ConcertES	Belgium	YES
C23	CONCORD Europe	Belgium	YES
C24	Confédération générale des Scop (CG Scop)	France	YES
C25	Confederation of European Firms, Employment Initiatives and Cooperatives	Belgium	YES
C26	Conseil Supérieur de l'Economie Sociale et Solidaire	France	YES
C27	CONSEJO ESPAÑOL PARA LA DEFENSA DE LA DISCAPACIDAD Y LA DEPENDENCIA - CEDDD	Spain	YES
C28	Coompanion	Sweden	
C29	Cooperatives Europe	Belgium	YES
C30	Coorace	France	YES
C31	COVID Response Alliance for Social Entrepreneurs, hosted by the Schwab Foundation and the World Economic Forum	Switzerland	YES

C32	Crédit Coopératif	France	YES
C33	Danish Social Innovation Academy	Denmark	
C34	Department of Rural and Community Development	Ireland	
C35	Department Work and Social Economy	Belgium	
C36	D-WISE network	Belgium	YES
C37	European Association of Service Providers for Persons with Disabilities (EASPD)	Belgium	YES
C38	Ecopreneur.eu	Belgium	YES
C39	Eco-Razeni Association	Moldova	YES
C40	EMES International Research Network	Belgium	YES
C41	Chambre Française de l'Économie Sociale et Solidaire (ESS France)	France	YES
C42	EuCIE - European Confederation of Inclusive Enterprises	France	YES
C43	Euclid Network	Netherlands	YES
C44	Euricse and Diesis Network	Italy	YES
C45	Eurodiaconia	Belgium	
C46	European Anti Poverty Network Nederland (EAPN NL)	Netherlands	
C47	European Association of Cooperative Banks	Belgium	YES
C48	European Business and Innovation Centre Network (EBN)	Belgium	YES
C49	European Disability Forum (EDF)	Belgium	
C50	European Federation of Public Service Unions (EPSU)	Belgium	
C51	European Network of Social Integration Enterprises	Belgium	YES
C52	European Roma Grassroots Organisations (ERGO) Network	Belgium	YES
C53	EVPA - European Venture Philanthropy Association	Belgium	YES
C54	FAEDEI - Federación de Asociaciones Empresariales de Empresas de Insercion	Spain	YES
C55	Fair Trade Advocacy Office	Belgium	YES
C56	FEANTSA - the European Federation of National Organisations Working with the Homeless	Belgium	YES
C57	FEBEA - European Federation of Ethical and Alternative Banks and Financiers	Belgium	
C58	Federation of European Social Employers	Belgium	YES
C59	Financité	Belgium	YES
C60	Finansol	France	YES
C61	Forum Nazionale del Terzo Settore	Italy	YES
C62	France Active	France	
C63	Fundacja Instytut Spraw Obywatelskich	Poland	
C64	GALILEO PROGETTI Nonprofit Kft.	Hungary	YES
C65	GdW Bundesverband der deutschen Wohnungs- und Immobilienwirtschaft e.V.	Germany	
C66	GISAD i.G. - Global Institute for Structure relevance, Anonymity and Decentralisation i.G.	Germany	YES
C67	Goethe-Institut	Belgium	

C68	Gouvernement wallon	Belgium	YES
C69	Groupe VYV	France	
C70	HUMANA Kleidersammlung GmbH	Germany	YES
C71	Hungarian Social Enterprise Coalition	Hungary	YES
C72	iesMed SCE – Innovacio Economia Social en la Mediterrania, Societat Cooperativa Europea Limitada	Spain	YES
C73	Impact Hub Global Network	Austria	YES
C74	Ius Cooperativum	Luxembourg	YES
C75	Klimax Plus Social Cooperative	Greece	YES
C76	La fédération des entreprises d'insertion	France	YES
C77	Legacoopsociali	Italy	YES
C78	Ministerio de Trabajo y Economía Social	Spain	
C79	Ministero del lavoro e delle politiche sociali	Italy	YES
C80	Ministry of Labour	Romania	
C81	Municipality of Lampedusa and Linosa	Italy	YES
C82	My Swimwear LLC	Latvia	
C83	Parasol dla Kooperatyw Spożywczych w Polsce	Poland	YES
C84	Philanthropy Advocacy - joint initiative of EFC and Dafne	Belgium	YES
C85	Poppy	Afghanistan	
C86	Reach for Change	Sweden	YES
C87	Red Cross EU Office	Belgium	
C88	Region Örebro County	Sweden	YES
C89	RIPESS EU - Solidarity Economy Europe	Luxembourg	YES
C90	RISE Reteaua Intreprinderilor sociale de insertie	Romania	YES
C91	RREUSE	Lithuania	YES
C92	RTES - réseau des collectivités territoriales pour une économie solidaire	France	YES
C93	Samaritan International e.V.	Germany	
C94	SAW-B	Belgium	
C95	SEIP Hungary	Hungary	YES
C96	ŠENT - Slovenian Association for Mental Health	Slovenia	YES
C97	SLOGA, NGO Platform for Development, Global Education and Humanitarian Aid	Slovenia	YES
C98	SmartCoop	Belgium	
C99	Social Economy Europe (SEE)	Belgium	YES
C100	Social Employers and EPSU: Joint Contribution	Belgium	YES
C101	Social Enterprise NL	Netherlands	
C102	Social Entrepreneurship Association of Latvia	Latvia	
C103	Social Good Accelerator	France	YES
C104	Social Services Europe	Belgium	
C105	Spanish Confederation of Social Economy Enterprises (CEPES)	Spain	YES
C106	SSE International Forum	France	YES
C107	Stichting De Omslag	Netherlands	YES
C108	TERZJUS	Italy	YES

C109	TESSEA ČR	Czech Republic	YES
C110	The five Flemish provinces and the Association of Flemish Provinces (VVP)	Belgium	YES
C111	THREE THIRDS SOCIETY NPO	Greece	
C112	UDES - Union des employeurs de l'économie sociale et solidaire	France	YES
C113	UN Inter-Agency Task Force on Social and Solidarity Economy (UNTFSE)	Switzerland	YES
C114	Urgenci International Netowrk of Community Supported Agriculture	France	YES
C115	Ville de Strasbourg & Eurométropole de Strasbourg	France	YES
C116	World Fair Trade Organization - Europe	Belgium	YES
C117	WWF European Policy Office	Belgium	
C118	Zadruga BUNA, z.o.o.	Slovenia	
C119	ZLSP (Poland) - Związek Lustracyjny Spółdzielni Pracy	Poland	
C120	Citizen	United States	
C121	Citizen	Iran	
C122	Citizen	Italy	
C123	Citizen	Poland	
C124	Citizen	Iran	
C125	Citizen	France	
C126	Citizen	France	
C127	Citizen	France	
C128	Citizen	Netherlands	

ANNEX 3: EXAMPLES OF EXISTING SOCIAL ECONOMY AWARDS¹¹²

Examples of European awards:

- European Commission's **European Social Innovation Competition** awarded annually since 2013, <https://eusic.challenges.org/>
- European Commission's **Horizon prize for social innovation** 2019 (RTD)
- EIB **Social Innovation Tournament** for social entrepreneurs: [Social Innovation Tournament 2021](#)
- **WISE Manager Award** (organiser: [ENSIE](#), in collaboration with [RREUSE](#), [Social Firms Europe](#) [CEFEC](#) and the [CEC](#)),
- **European Social Economy Award** (Organiser: [Social Economy Europe](#)), first edition 2021, to be replicated every two years.
- **Social Innovation Summit Awards 2021**: 8-10 June 2021 (organized by Landmark Ventures)
- <https://socialimpactaward.net/> They are linked to an incubator (ImpactHub) and provide incubation to the winners of the award.
- [REVES Excellence award](#) (2013, 2015, 2017, 2019) (**European Network of Cities & Regions for the Social Economy**)
- **EPR Innovation Prize**: [EPR](#) is a community of service providers working with people with disabilities committed to high quality service delivery.
- **ESN European Social Services Awards**: organized by the European Social Network since 2019
- [Social Innovation on Ageing European Award](#): organized by [Ashoka](#) "changemakers" network

Examples of national awards (examples listed in the mapping study and others):

- "Social Impact Award" in the Czech Republic and Slovakia
- "Social Economy Prize" in French-speaking Belgium
- "ESF Ambassadors" nomination in Flanders, held in the context of a European Social Fund programme"
- Malta: Since 2014, activities and events around SEs, such as the Social Impact Awards and [dosomethinggood.eu](#)
- France: [Les Prix de l'économie sociale et solidaire](#) (categories in 2021: Transition écologique & Utilité sociale)
- Austria: [Get Active Social Business Award](#): 14th edition in 2021, organizers: Coca-Cola, Der Standard (newspaper), NPO und SE Kompetenzzentrum der WU Wien, 4Gamechangers)

Somewhat related awards:

- **Regiostars awards** (organised by [DG REGIO](#) since 2008)
- **JAE** launched an **Enterprise Challenge**: <https://www.jaenterprisechallenge.org/>
- [EESC Civil Society Prize](#)
- [European Entrepreneurial Regions](#) since 2011 (CoR)
- European Commission's **Access City Awards**: The [Access City Award 2022](#) will be the 12th edition.

¹¹² As of 19 October 2021.

SOCIAL ECONOMY ACTION PLAN

December 2021
#SocialEconomy #SocialRights

Social economy organisations can face difficulties developing and scaling up their activities because they are not sufficiently understood and recognised. They need more and better support to grow and thrive, and have an even bigger impact on society.



Social economy in figures!

2.8

million
organisations
and entities
in Europe

more than

13

million
paid jobs

6.3%

of the work
force

between

0.6-9.9%

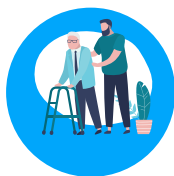
of all jobs across
Member States

But what does it mean?

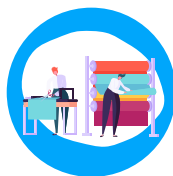
“Social economy” mainly refers to:



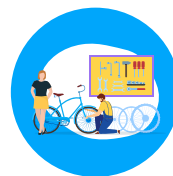
cooperatives



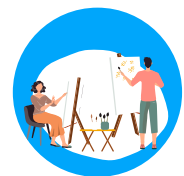
**mutual benefit
societies**



associations
(including charities)



foundations



**social
enterprises**

They are **private entities** running economic activities whose main purpose is to provide goods and services to their members or the community at large, with profits coming second.

They build on **local roots**, using solidarity and participation as core principles driving their activities.

What will the Social Economy Action Plan improve?



Business environment



**Opportunities
and building capacity**



**Awareness and
recognition**

Business environment: The Action Plan aims to ensure that policy and legal frameworks are right for the social economy to thrive, by addressing the diversity of its legal forms and looking at taxation policy, labels or certification systems, public procurement and State aid.

Opportunities and building capacity: The Action Plan improves access to funding for the social economy, it brings together in one place information on relevant EU funding, policies and initiatives, it supports scaling-up, and it maximises the social economy's contribution to the green and digital transitions.

Awareness and recognition: The Action Plan boosts the visibility of the social economy and obtains new data about it. It promotes the positive impact of the social economy among new audiences, including young people.

EU actions to look out for!

Council Recommendation	to help policy-makers adapt policy and legal frameworks to the needs of social economy organisations
EU Social Economy Gateway	with information on relevant EU funding, policies and initiatives
Youth Entrepreneurship Policy Academy	to improve prospects for young entrepreneurs, especially social entrepreneurs
European Competence Centre for Social Innovation	facilitating transnational partnerships, exchanges of experience, capacity building and networking
"Buy social" initiative	supporting the creation of local partnerships between social economy organisations and mainstream businesses
Financial products under InvestEU	aimed at mobilising private financing for social enterprises