

## ROADMAP

**Roadmaps aim to inform citizens and stakeholders about the Commission's work in order to allow them to provide feedback and to participate effectively in future consultation activities. Citizens and stakeholders are in particular invited to provide views on the Commission's understanding of the problem and possible solutions and to make available any relevant information that they may have.**

<b>TITLE OF THE INITIATIVE</b>	European action plan for social economy
<b>LEAD DG – RESPONSIBLE UNIT</b>	Directorate General for Employment, Social Affairs and Inclusion – Unit E1 Job creation
<b>LIKELY TYPE OF INITIATIVE</b>	Commission Communication
<b>INDICATIVE PLANNING</b>	Q4 2021
<b>ADDITIONAL INFORMATION</b>	<a href="https://ec.europa.eu/social/main.jsp?catId=952&amp;intPagId=2914&amp;langId=en">https://ec.europa.eu/social/main.jsp?catId=952&amp;intPagId=2914&amp;langId=en</a> <a href="https://ec.europa.eu/growth/sectors/social-economy_en">https://ec.europa.eu/growth/sectors/social-economy_en</a>

**This Roadmap is provided for information purposes only and its content might change. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described by the Roadmap, including its timing, are subject to change.**

### A. Context, Problem definition and Subsidiarity Check

#### Context

The European Union is facing a series of structural challenges e.g. climate change, digitisation, growing inequalities and demographic change. To address them, the European Commission has developed a mix of policies based on fair, sustainable and inclusive growth, with the [European Green Deal](#) at its heart. The social and economic consequences of the COVID-19 crisis have made this transition towards a resilient economy and society all the more pressing, both within the EU and at the international level.

In the face of recent crises, social economy organisations have demonstrated a remarkable ability to contribute to the strengthening and building of resilient communities and to manage major transitions<sup>1</sup>.

The social economy encompasses a variety of businesses, organisations and legal forms<sup>2</sup>. They share the objective of systematically putting people first and producing a positive impact on local communities. The social economy business model aims at reinvesting most of the profits back into the organisation and/or a social cause, and having a participatory/democratic form of governance.

Social economy organisations play an important role in job creation, inclusive and sustainable growth and labour market integration (particularly for people furthest from the labour market), industrial development and enable reskilling and upskilling. They operate in a large variety of economic sectors and ecosystems, including providing social services, health care, social housing or affordable energy to the most vulnerable, which contribute to cushioning economic hits and enhancing resilience.

Furthermore, social economy organisations usually operate at a local level, contributing to social innovation and inclusion. They complement the public provision of social services, including care services. They allow workers and citizens to come up with innovative bottom-up initiatives and to pursue social and environmental objectives through alternative business models. They have a considerable potential for creating fair development models and decent jobs outside of the EU, especially in our developing partner countries.

In view of its potential to address societal challenges and contribute to sustainable and inclusive economic growth, the EU has launched a large number of actions to support the development of social enterprises and the social economy under the 2011 [Social Business Initiative \(SBI\)](#) and the 2016 [Start-up and Scale-up initiative](#),

More recently, a number of Commission initiatives have called on the potential of social economy in general as well as more specifically in relation to achieving a fair recovery: the [Circular Economy Action Plan](#), the [SME Strategy](#), the [Renovation Wave](#), the [Recovery Plan – Next Generation EU](#), the [Africa Strategy](#), the [Youth Employment Support Initiative](#), the [Action Plan on Integration and Inclusion](#), the [European Skills Agenda](#), as well as the [Economic and Investment Plan for the Western Balkans](#). Social economy organisations also contribute to the implementation of the [European Pillar of Social Rights](#).

Likewise, upcoming EU initiatives such as the renewed strategy on sustainable finance or the reflection on the

<sup>1</sup> See, e.g. “[Social economy and the COVID-19 crisis: current and future roles](#)”, OECD, 2020, p. 5-6

<sup>2</sup> Including non-profit associations, cooperatives, mutual societies, foundations and social enterprises.

<p>extension of the Taxonomy Regulation to social objectives will create new opportunities for the social economy including in terms of access to finance, as well as business and job creation.</p> <p>Against this backdrop, the Commission announced in its Communication on <a href="#">“A Strong Social Europe for Just Transitions”</a> an action plan for the social economy to enhance social investment and social innovation and boost the potential of social enterprises to create jobs, including for those furthest from the labour market. The <a href="#">2021 Commission work programme</a> set the publication date of the action plan in Q4 2021.</p>
<p><b>Problem the initiative aims to tackle</b></p> <p>It is estimated that the social economy in Europe represents 2.8 million entities and enterprises as well as over 13.6 million paid jobs, i.e. 6.3% of the working population<sup>3</sup>. Considering that paid employment in the social economy varies between 0.6% and 9.9% of all jobs amongst Member States, there is a major untapped economic potential including in terms of job creation.</p> <p>A <a href="#">market analysis</a> conducted before the COVID-19 pandemic shows that social enterprises face difficulties in accessing small investments. This funding gap for repayable finance amounts to almost EUR 1 billion per year across Europe. Given that social enterprises represent only a small share of organisations in the social economy, this gap illustrates a significant untapped potential and investment needs of this field.</p> <p>During the COVID-19 pandemic, many social economy organisations showed resilience and flexibility to transform their activities, in order to respond to the urgent needs of their target groups. At the same time, many organisations were affected by the crisis and had to suspend their activities, generating severe social repercussions as they were no longer able to respond to pressing societal challenges<sup>4</sup>.</p> <p>In addition, beyond the consequences of the crisis, social economy organisations face structural difficulties, both within and outside of the EU, that hamper their potential to create more jobs and address societal challenges on a larger scale while inspiring systemic changes in the mainstream economy. A recent <a href="#">study on the impact of the Commission’s 2011 Social Business Initiative and its follow-up actions</a> suggests that these initiatives did contribute to develop more favourable conditions for European social economy organisations, but that needs persist – although not with the same intensity across EU Member States and regions.</p> <p>They concern for example:</p> <ul style="list-style-type: none"> <li>• the degree of visibility and recognition enjoyed by social economy organisations at different levels and the subsequent impact on policy and legislative design (i.e. regulatory frameworks often fail to take into account the particular business models of social economy organisations);</li> <li>• the capacity to access different kinds of resources, including tailored funding and business support;</li> <li>• the access to public and private procurement;</li> <li>• the ability to scale up social innovation;</li> <li>• the existence of skills development opportunities; and</li> <li>• the existence of research focused on social economy and social enterprises.</li> </ul> <p>An initiative at EU level is needed to help address the remaining obstacles.</p>
<p><b>Basis for EU intervention (legal basis and subsidiarity check)</b></p> <p>The initiative is in line with Article 151 TFEU on social policy. The action plan itself should respect the subsidiarity principle given that its actions are non-committal. It will frame the measures at EU level, engage national and regional authorities, as well as stakeholders, thereby maximising positive effects.</p> <p>Furthermore, the action plan will also be in line with the objectives mentioned in Articles 173 and 174 TFEU, respectively pointing to the need to encourage an environment favourable to the development of undertakings throughout the Union, particularly small and medium-sized undertakings as well as to the need to strengthen the economic, social and territorial cohesion of the EU.</p>
<p><b>B. What does the initiative aim to achieve and how</b></p> <p>The initiative aims to provide a coherent set of measures and create enabling conditions for the social economy to fulfil its potential to contribute to sustainable and inclusive growth and a fair recovery while achieving the green and digital transitions.</p> <p>The <a href="#">2011 Social Business Initiative</a> and its follow-up actions covered five areas of intervention: i. regulatory and institutional environment, ii. visibility, recognition and better understanding, iii. access to finance, iv. new technologies and digitisation and v. international cooperation. Preliminary feedback from stakeholders suggests that while significant progress was achieved, these areas of intervention are still relevant and more needs to be done.</p> <p>Therefore, the action plan could put forward EU level policies, programmes, processes and tools to:</p> <ul style="list-style-type: none"> <li>- enhance the visibility of social economy as well as understanding of its specific features and positive</li> </ul>

<sup>3</sup> [“The recent Evolutions of the Social Economy in the European Union”](#), European Economic and Social Committee report, 2017

<sup>4</sup> [“Social economy and the COVID-19 crisis: current and future roles”](#), OECD, 2020

impact on society and the environment among the general public, policy makers at all levels and funders;

- support Member States, local authorities and operators in building enabling eco-systems;
- improve social economy access to public and private finance across the EU as well as the investment readiness of social economy organisations and social enterprises;
- encourage social economy organisations and social enterprises to scale-up, for example through better access to public procurement, enhanced cooperation with the public sector, mainstream businesses and other social economy organisations, or by using modern technology;
- facilitate the creation, scaling-up and replication of social innovation;
- support the digitisation and greening of the social economy and promote its experience in fostering an inclusive digital and green transition;
- foster social entrepreneurship, in particular young entrepreneurs, start-ups and also through relevant business support organisations;
- support the exchange and dissemination of experience and good practices with impact in relation to the social innovation and social economy in general for all concerned stakeholders, in particular public authorities, financial intermediaries and social economy organisations;
- empower social economy organisations, their networks and support organisations;
- strengthen social economy in non-EU countries, in particular in enlargement and neighbourhood countries and through EU development cooperation, to support decent jobs, civil society development and prosperity;
- promote social economy through international fora and networks, and especially its contribution to the Sustainable Development Goals (SDGs).

## C. Better regulation

### Consultation of citizens and stakeholders

Stakeholders and citizens were already invited to provide input for the action plan in several instances:

- through the [public consultation](#) on the action plan for the implementation of the European Pillar of Social Rights;
- the expert group of the Commission on the social economy and social enterprises has delivered recommendations through its 2016 report "[Social enterprises and the social economy going forward](#)", as well as recent meetings. This group comprises representatives from Member States, local authorities and stakeholders;
- through 326 interviews with public authorities, stakeholder organisations, experts and practitioners in the context of the [study](#) on the impact of the SBI and its follow-up actions;
- the strategic dialogue between the civil society and DG Employment in November 2020.

In addition, the Commission will take into account input from stakeholders at events such as the [European social economy summit](#) scheduled on 26-27 May 2021 in Mannheim and the 8 digital events organised in the run-up to this summit, as well as the conference organised by the Portuguese Presidency on "The role of social economy in the creation of jobs and in the implementation of the European Pillar of Social Rights" on 29 March 2021. The Commission will also consider relevant stakeholder position papers such as Social Economy Europe's "[European Action Plan for the Social Economy](#)", and the Lisbon declaration "[Social innovation as a path to a sustainable, resilient and inclusive Europe](#)". The Commission is also planning to consult the European social partners.

Furthermore, the Commission has received or expects to receive contributions or hold exchange of views with the following other EU institutions and bodies: the European Parliament, the Council, the European Economic and Social Committee as well as the Committee of the Regions.

The Commission expects this consultation framework to be fit to provide a fair and comprehensive picture of citizens' and stakeholders' views on the needs of social economy. The Commission will give due consideration to the input received when designing the action plan.

### Evidence base and data collection

The Commission will make use of a large number of studies to underpin the design of the social economy action plan. The most important ones are:

- The [study on the impact of the SBI and its follow-up actions](#): it provides a comprehensive evidence-based analysis of the impact of the SBI on the development of social economy organisations and their operating environments at both national and EU levels.
- The [EU mapping study on social enterprises ecosystems](#): it is currently the most accurate and comprehensive source concerning 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](#): 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.

- The JRC scientific publication on the future of social economy<sup>5</sup>, whose main findings have been presented during the [Social Economy Scientific Conference](#) on 25-26 November 2020.
- 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 microenterprises in Europe, one study on the [cooperation between social economy and traditional enterprises](#), another study on [new technologies and digitisation](#) and the [ESF report on social innovation](#).

No impact assessment will be carried out for the action plan, given that any action proposed as a result of the action plan with expected significant impacts will be subject to a specific impact assessment, in line with the better regulation guidelines.

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<sup>5</sup> *[The publication will be released as soon as possible in 2021]*