



**European Committee
of the Regions**

SEDEC-VII/016

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OPINION

An action plan for the social economy

THE EUROPEAN COMMITTEE OF THE REGIONS

- highlights the importance of promoting interregional cooperation on the social economy as a key instrument for creating transnational business clusters, for ensuring cross-border synergies and distinct cooperation involving the outermost regions in their respective forums for cooperation with third countries, and for supporting the internationalisation of social economy enterprises and organisations in the single market;
- calls on the Commission to promote the involvement of local and regional authorities in GECES, together with Member States and social economy networks. Therefore, the Committee calls for a GECES working group to be set up for regional and local social economy policies;
- calls on the Commission to further promote socially responsible public procurement among European public authorities as a key tool to increase transparency in public procurement, to fight corruption, to foster competition and participation in public procurement by business actors of different sizes, and to promote socially responsible business practices, such as those typical of the social economy;
- calls on the Commission to select a European Capital of Social Economy each year, through a democratic and transparent process involving the Committee of the Regions, the EESC and the GECES;
- points out that, through the Pact for Skills, the Commission should support the training and life-long learning access of social economy workers in areas such as digitalisation, including media literacy, participatory leadership, resilience and the green transition, in order to support them to enter or remain in the labour market of social economy enterprises. To achieve this objective, the Committee suggests cooperating with the industrial ecosystem of the social economy, which includes in particular public authorities, vocational training centres and universities;
- recognises the potential of including the social economy in the European Cluster Collaboration Platform¹ to make it easier to build alliances and for these enterprises and organisations to become part of strategic value chains.

¹ <https://clustercollaboration.eu/social-economy>

Rapporteur

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Opinion of the European Committee of the Regions – An action plan for the social economy

I. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

The importance of the European Social Economy Action Plan in fostering the social economy's contribution to local and regional development in Europe

1. welcomes the European Commission's commitment to present a Social Economy Action Plan in the fourth quarter of 2021, in line with the requests of the European Economic and Social Committee, the Social Economy Intergroup of the European Parliament, the Expert group on social economy and social enterprises (GECES)², a number of EU governments and European networks committed to the development of the social economy, such as Social Economy Europe and REVES³;
2. considers that EU action to promote the development of the social economy is particularly relevant in the current context in which, due to the economic and social crisis caused by COVID-19, it is essential to harness the full potential of social economy enterprises and organisations to ensure economic recovery, to promote collective entrepreneurship and to create high-quality jobs;
3. notes that, according to the European Economic and Social Committee⁴, the social economy represents 2.8 million businesses and organisations in Europe (EU28), employing 13.6 million workers, or around 6.3% of the EU workforce. The social economy also includes over 232 million members of cooperatives, mutual societies and similar organisations, as well as 82.8 million volunteers;
4. points out that the European social economy is made up of a diverse range of businesses and organisations such as cooperatives – with their enormous wealth of cooperative forms – mutual societies, associations, foundations and various forms of social enterprises, as well as other legal forms specific to each Member State, such as worker-owned companies, enterprises with a social impact, social solidarity institutions, etc.;
5. notes that this diversity of enterprises and organisations, which operate in all areas of activity, share a strong identity based on shared values and characteristics such as the primacy of individuals and the social purpose over capital, gender equality, democratic governance and the reinvestment of most of the profits to achieve the sustainable development objectives of the enterprise or organisation, or in the collective and general interest;

² European Commission Expert group on social economy and social enterprises.

³ European Network of Cities and Regions for the Social Economy.

⁴ <https://www.eesc.europa.eu/sites/default/files/files/ge-04-17-875-en-n.pdf>

6. underlines the local roots of social economy enterprises and organisations, businesses that never relocate – as they are created in the local area and owned by people based there – and are strongly committed to the economic and social development of the place where they operate; notes the importance of the social economy for rural development, as a catalyst for the development of local resources and in countering depopulation, taking into account the importance of these actors in developing the social economy in rural areas and their links with urban areas, helping to maintain the population and to create greater social cohesion;
7. stresses that social economy bodies are guided by principles and values that enable development compatible with both economic and environmental aspects, and entail a high degree of commitment to achieving the 2030 Agenda. They therefore represent the plural economy, the balance and the sustainability needed from a global perspective to help achieve each one of the Agenda's 17 Sustainable Development Goals;
8. calls on the European Commission to develop a suitable European legal framework for the social economy, which provides for a common definition, and for the organisation and inclusion of businesses that meet certain organisational and operational criteria, and which would mean crucial support for developing this sector;
9. considers that social economy stakeholders should be steered towards the Sustainable Development Goals;
10. points out that, through the Pact for Skills, the Commission should support the training and life-long learning access of social economy workers in areas such as digitalisation, including media literacy, participatory leadership, resilience and the green transition, in order to support them to enter or remain in the labour market of social economy enterprises. To achieve this objective, the Committee suggests cooperating with the industrial ecosystem of the social economy, which includes in particular public authorities, vocational training centres and universities. Moreover, the Covenant of Mayors for Climate and Energy can support the promotion of training paths geared towards environmental protection and the promotion of the circular economy. Therefore we point out the proposals formulated in the CoR opinion on European Skills Agenda for sustainable competitiveness, social fairness and resilience elaborated with suggestions on the subject from the perspective of local and regional authorities, which is highly important in the matter of social economy as well;
11. calls for the potential of the social economy to be explored in the areas of vocational training and active employment policies, as well as skills and competencies development; while paying particular attention to the groups with the greatest difficulties in entering the labour market, e.g. young people, long-term unemployed persons, persons with disabilities or those living in remote areas with limited access to digital resources;
12. calls on the European Commission to carry out an examination of transfers of enterprises to employees through social economy formulas. This study should be accompanied by an EU platform for exchange of best practice between Member States, local and regional authorities and social economy networks and should also address the social economy's potential for industrial entrepreneurship;

13. underlines the potential of social economy clusters to be incorporated into European value chains, and to build alliances with other business actors, public authorities, vocational training centres, professional schools, universities and research centres in order to achieve strategic objectives and to pool resources;
14. recognises the potential of including the social economy in the European Cluster Collaboration Platform⁵ to make it easier to build alliances and for these enterprises and organisations to become part of strategic value chains;
15. stresses the importance of including the social economy in smart specialisation strategies as a key lever for economic and social development; further recalls that social economy can successfully take forward social innovation and points out in this respect that "social economy initiatives, being based on cooperation and civic engagement among the individuals who make up communities, contribute to boosting social, economic and territorial cohesion and to raising the level of trust throughout the EU"⁶;
16. highlights the importance of promoting interregional cooperation on the social economy as a key instrument for creating transnational business clusters, for ensuring cross-border synergies and distinct cooperation involving the outermost regions in their respective forums for cooperation with third countries, and for supporting the internationalisation of social economy enterprises and organisations in the single market. In this regard, the Committee points out that, in the context of the European Smart Specialisation Platform, the social economy thematic platform is a useful tool for promoting interregional cooperation, bringing together seven European regions, its experience and tried and tested procedures and should be taken into account in the future European Social Economy Action Plan;
17. calls on the Commission to make its initiatives to support the role of local and regional authorities in promoting the social economy more ambitious and coherent; notes that many local and regional administrations already have ambitious strategies and action plans to promote the social economy; the Commission should identify these and include them in the expansion of the future action plan for the European social economy the Commission should also support the sharing of best practices and existing initiatives among local and regional authorities (e.g. through a network of local and regional authorities to promote social economy);
18. calls on the European Commission to conduct a study into regional and local public policies to promote the social economy in the EU, including examples from other regions and local authorities worldwide;
19. acknowledges the substantial impact of the European Social Economy Regions (ESER) initiative and the Social Economy Missions project on the creation of a broad community of

⁵ <https://clustercollaboration.eu/social-economy>

⁶ COR-2016-06945.

local and regional authorities committed to developing the social economy, and calls on the Commission to strengthen this programme as part of the Social Economy Action Plan;

20. calls on the Commission to promote the involvement of local and regional authorities in GECES, together with Member States and social economy networks. Therefore, the Committee calls for a GECES working group to be set up for regional and local social economy policies;
21. calls for analyses, studies, proposed measures and monitoring and support instruments and mechanisms relating to the social economy, which collect statistical data on workers or the composition of the different types of social economy enterprises, to include the gender perspective, thus providing sex-disaggregated data and including gender indicators;

Boosting the visibility of the social economy

22. calls on the Commission to create a single online platform to support enterprises, organisations and entrepreneurship using different forms of social economy, which links all European studies and reports on the social economy and the opportunities offered by the EU to these enterprises and organisations;
23. recommends that this online platform be designed and managed in cooperation with European social economy networks and GECES;
24. suggests to the Commission that the Social Economy Action Plan should provide for a broad communication campaign to be designed and implemented with the involvement of the Committee of the Regions, the European Economic and Social Committee and social economy networks. This campaign is essential to promote collective entrepreneurship and to raise awareness of European mechanisms for supporting the social economy;
25. calls on the Commission to draw up a guide to public social economy policies, which reflects the diversity of legal forms of the social economy in Europe and which will support local and regional authorities;
26. notes that the diversity of the social economy, as well as its ability to offer innovative solutions to the major economic, social, educational and environmental challenges, are the keys to its success;
27. calls on the Commission to select a European Capital of Social Economy each year, through a democratic and transparent process involving the Committee of the Regions, the EESC and the GECES;
28. suggests that the social economy be more fully incorporated into the Enterprise Europe Network and be given a higher profile within it. Further recommends that more prominence be given to social economy within the award criteria for the European Entrepreneurial Region (EER) label;

29. notes the importance of supporting, financing and strengthening European social economy networks, and networks of cities and regions that are committed to the social economy as a key partner in implementing the Action Plan and in communicating the opportunities it creates;

Improving access to finance for social economy enterprises and organisations

30. points out the additional difficulties faced by social economy enterprises and organisations in accessing finance, partly due to poor visibility and understanding of their business models, which prioritise the collective or general interest over making as much profit as possible;
31. notes the key role of the Cohesion Funds, and in particular the ERDF and ESF, in financing social economy projects;
32. calls for the collective entrepreneurship of all families in the social economy to be given a boost by establishing financial support for the creation of social economy enterprises and to help them meet future business challenges;
33. points out that the InvestEU programme will play a key role in financing innovative social economy projects through its four strands of action, focussing in particular on the "SMEs" and "social investment and skills" strands, which include microfinance and the financing of social economy enterprises;
34. recommends that the Commission include a member of the Committee of the Regions in the Advisory Committee, and that experts in the financing of social economy enterprises and organisations be given a role in the Investment Committee;
35. calls on the European Commission to develop a social and environmental taxonomy of investment that is clear, transparent and effective;
36. highlights the importance of the financial actors in the social economy (ethical and cooperative banks, credit unions, micro-finance, social financial institutions, mutual societies and cooperative insurance companies, etc.) in the field of sustainable finance, their substantial presence in rural areas, in less developed regions, and their work to ensure the financial inclusion of vulnerable groups and investment in the real economy;
37. calls for the gender perspective to be taken into account as regards access to funding for social economy enterprises and bodies, given the greater difficulties experienced by women in accessing credit and financial resources compared to men. This reality needs to be known from the outset when designing any instrument aimed at improving access to finance;

Promoting education for social economy entrepreneurship

38. notes, in line with the 2015 Council Conclusions on the promotion of the social economy as a key driver of economic and social development in Europe, that it is important to promote education and training in entrepreneurship through different forms of social economy at all

educational levels, from primary to higher education (including both university education and vocational training);

39. points out that projects such as the Social Economy Business School, promoted by seven European regions as part of the smart specialisation platform, provide innovative solutions to this lack of training available on social economy enterprises and aim to train competent professionals able to support and lead the growth of these enterprises and organisations;
40. notes that social economy enterprises and organisations require specific skills that are also applicable to traditional businesses, such as inclusive leadership;
41. calls on the Commission to make greater use of the Erasmus+ programme to promote education and training in entrepreneurship and for jobs in social economy enterprises. It therefore proposes that social economy enterprises and organisations explore opportunities to ensure greater take-up of the Erasmus programme for young entrepreneurs, in particular in the most remote European regions where young people face greater barriers to mobility due to the distance from continental Europe;
42. calls for new opportunities to be explored to promote education, training and the skills upgrading of social economy workers through the Blueprint for Sectoral Cooperation on Skills and Knowledge Alliances. Moreover, the corpus of knowledge and skills acquired at all levels of education, and through non-formal education, should encourage people to make best use of knowledge, i.e. cultivate "soft skills", and facilitate adaptability to a constantly evolving environment;

Improving access to markets and to socially responsible public procurement

43. notes that social economy enterprises and organisations face additional obstacles to operating transnationally in the Single Market compared to other SMEs. These difficulties stem from the diversity – and sometimes the lack – of comprehensive legal frameworks covering all legal forms within the social economy such as cooperatives, including the wide range of smaller forms of cooperatives, mutual societies, associations, foundations and social enterprises, among others;
44. points out that the role of women in social enterprise governance is important for the success of training for entrepreneurship in the social economy;
45. also points to a lack of European instruments to overcome these obstacles. It therefore remains difficult to create a transnational European association with members from several countries, as is also the case for mutual societies and foundations, due to the lack of a European legal framework;
46. calls on the Commission to further promote socially responsible public procurement among European public authorities as a key tool to increase transparency in public procurement, to fight corruption, to foster competition and participation in public procurement by business

actors of different sizes, and to promote socially responsible business practices, such as those typical of the social economy;

47. calls for the expansion to the other EU Member States of the Buying for Social Impact project, which analysed the transposition of the procurement directive in 15 Member States and organised national and regional events to share opportunities for responsible public procurement;
48. calls on all local and regional public authorities to develop transparent and socially responsible public procurement strategies, making, inter alia, public contracts conditional on compliance with fair wages and other terms and conditions laid down by law and/or collective agreements, including in subcontracting chains;

An Action Plan that includes follow-up measures and tools and which promotes structured dialogue with social economy actors and other institutions

49. calls on the Commission to ensure that the Social Economy Action Plan has a timescale of at least five years for its implementation, including an ex ante evaluation, as well as mechanisms for annual and ex-post evaluation, and for the renewal of the Plan once it has run its course;
50. calls on the Commission to strengthen its mechanisms for monitoring and supporting social economy policies such as the Expert Group on Social Entrepreneurship (GECES), the Commission's internal social economy task force and the permanent and structured dialogue on issues relating to the social economy with the Committee of the Regions and the European Economic and Social Committee, as there is a need to ensure a gender balance;
51. calls on the Commission to consider the inclusion of social economy employers in cross-sectoral social dialogue, with measures to build the capacities of a European social economy employers' organisation and to consolidate it.

Brussels, 1 July 2021

The President
of the European Committee of the Regions

Apostolos Tzitzikostas

The Secretary-General
of the European Committee of the Regions

Petr Bližkovský

II. PROCEDURE

Title	An action plan for the social economy
Reference document	N/A
Legal basis	Article 307(1) TFEU
Procedural basis	Rule 41(a)
Date of Council/EP referral/Date of Commission letter	25 November 2020
Date of Bureau/President's decision	N/A
Commission responsible	SEDEC
Rapporteur	Mikel Irujo (ES/EA)
Analysis	21 December 2020
Discussed in commission	17 February 2021
Date adopted by commission	22 April 2021
Result of the vote in commission (majority/unanimity)	majority
Date adopted in plenary	1 July 2021
Previous Committee opinions	<p>The role of the social economy in restoring economic growth and combating unemployment⁷</p> <p>Guidelines for the Employment Policies of the Member States⁸</p> <p>Entrepreneurship 2020 Action Plan⁹</p> <p>Responsible businesses package¹⁰</p> <p>Partnerships between local and regional authorities and social economy organisations: contribution to employment, local development and social cohesion¹¹</p>
Date of subsidiarity monitoring consultation	N/A

⁷ CDR 1691/2015.

⁸ CDR 1419/2015.

⁹ CDR 2447/2013.

¹⁰ CDR 14/2012.

¹¹ CDR 384/2001.