



Social economy: Commission proposes ways to harness its full potential for jobs, innovation and social inclusion

Brussels, 13 June 2023

Today, the Commission recommends **concrete measures to support the social economy**, which prioritises people, social and environmental causes over profit. There are 2.8 million social economy entities in Europe, which employ in total 13.6 million people to tackle key challenges in our societies. They span a diverse range of sectors, from social and care services to housing, recreation, and affordable energy; and include cooperatives, mutuals, non-profit associations, foundations and social enterprises.

The proposal aims **to create favourable conditions** for social economy organisations to **thrive and grow, and raise awareness of their potential**, particularly in creating quality jobs, supporting innovation and social inclusion.

Following up to the [2021 Social Economy Action Plan](#), the Commission presents today:

- A [proposal for a Council recommendation](#) for Member States to design and implement social economy strategies.
- The [social economy gateway](#), a one-stop shop website to provide social economy organisations with information on EU funding, training opportunities and more.

Fresh impetus to promote the social economy

Despite their contribution to society, social economy organisations often face obstacles in developing and scaling up their activities due to a lack of understanding and recognition of their business models. To overcome these challenges, the [proposed Council Recommendation](#) calls on Member States to **develop comprehensive strategies for the social economy** to promote an enabling environment for the social economy across all relevant areas, by adapting policy and legal frameworks. In doing so, the aim is to promote quality job creation, boost the local economy, and strengthen social and territorial cohesion.

For instance, the Commission proposes measures to:

- **Design labour market policies** that support employees in social enterprises (e.g., through training), promote social entrepreneurship, and ensure fair working conditions through social dialogue and collective bargaining.
- **Acknowledge the role of the social economy for social inclusion**, e.g. in providing accessible and high-quality social and care services and housing, particularly for disadvantaged groups.
- **Improve access to public and private funding**, including to EU funds.
- **Enable access to market opportunities and public procurement.**
- **Make use of the opportunities provided by State aid rules** to support the social economy, including provisions for start-up aid, reintegration of disadvantaged workers, and support for local infrastructure.
- **Ensure that taxation systems support the social economy**, through the simplification of administrative procedures and the consideration of appropriately designed tax incentives.
- **Raise awareness of the social economy and its contributions**, notably through research and data.

In addition, the Commission also recommends that Member States make optimal use of available EU funding, such as the [European Social Fund Plus](#), the [European Regional Development Fund](#), and [InvestEU](#), to assist Member States in promoting the social economy. The Commission can also provide further support by collecting data and conducting research on the social economy within the EU.

One-stop shop for social economy support

As part of today's proposals, the Commission is also launching the [social economy gateway](#), a one-stop-shop website that provides social economy entities with information on EU funding, training opportunities, events, country-specific information, and where to go for additional resources, as a tool for capacity-building.

Next steps

Member States will discuss the Commission [proposal for a Council Recommendation](#) with a view to its adoption by the Council. Once adopted, the proposal invites Member States to adopt or update their **social economy strategies** within 18 months. Member States are also recommended to create a one-stop shop support for the social economy, set up local and/or regional contact points acting as '**social economy ambassadors**', and appoint **social economy coordinators** in national institutions to ensure consistency across policies.

The Commission will monitor the implementation of the strategies through regular consultations with Member States via the [Employment Committee and the Social Protection Committee](#).

Background

In December 2021, the Commission presented the [Social Economy Action Plan](#) to help the social economy thrive and fully tap its potential. The new proposal for a Council recommendation and the Social Economy Gateway were two actions announced in the Plan. Another action was the [EU-OECD Youth Entrepreneurship Policy Academy](#) (YEPA) launched in March this year. It aims to address challenges young entrepreneurs face when setting up their business, such as access to funding and skills, as also confirmed by a recent [Eurobarometer survey](#).

Furthermore, as included in the [Commission work programme](#), the Commission will propose later this year a cross-border initiative on associations to enable them to benefit fully from the single market. In addition, today the Commission publishes two Staff Working Documents to improve the understanding of [relevant tax rules for social economy entities](#) and [cross-border public-benefit donations](#).

Social economy organisations play a crucial role in tackling societal challenges and promote fair working conditions by involving employees in decision-making and governance. They also create opportunities for underrepresented groups like women and young people and contribute to making the digital and green transitions fair and inclusive.

The social economy helps achieve the objectives of the [European Pillar of Social Rights Action Plan](#) and the [2030 EU headline targets](#) endorsed by EU Member States of having at least 78% of the people aged 20 to 64 in employment, at least 60% in training, and lifting at least 15 million people out of poverty or social exclusion. The social economy package also contributes to the [European Year of Skills](#) by encouraging opportunities for skills development within the social economy sector.

For More Information

[Proposal for a Council recommendation on developing social economy framework conditions](#)

[Staff Working Document: Relevant taxation frameworks for Social Economy Entities](#)

[Staff Working Document: Non-discriminatory taxation of charitable organisations and their donors: principles drawn from EU case-law](#)

[Factsheet](#)

[Social economy gateway](#) website

[Social Economy Action Plan website](#)

[Questions and answers: Social Economy Action Plan](#)

[European Year of Skills](#)

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Quotes:

Europe's social economy is a catalyst for positive and inclusive change in our societies. It also has significant untapped economic potential, particularly for facilitating start-ups and scaling up enterprises to boost social innovation. Today's proposal will help Member States to create favourable conditions for the sector to thrive, raising its visibility and promoting innovation in sectors as diverse as healthcare and recreation. They will provide opportunities for under-represented groups in the labour market such as women and young people. This is how we can build a strong skills-based social economy that can play its part in creating quality jobs as well as reducing poverty and social exclusion.

Valdis Dombrovskis, Executive Vice-President for an Economy that Works for People - 13/06/2023

Social economy entities play a crucial role in our economies and societies, in areas ranging from circular economy to social services. The proposal for a Council Recommendation aims to remove obstacles standing in their way and make it easier for social economy actors to start-up, scale-up, and have an even bigger impact in the community.

Nicolas Schmit, Commissioner for Jobs and Social Rights - 13/06/2023

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