



PROXIMITY AND SOCIAL ECONOMY INDUSTRIAL ECOSYSTEM

The Proximity Economy is an ecosystem based on short value chains within a close geographical area, encompassing activities of local industry and small businesses working across different economic sectors. It is a human-centric ecosystem, also rooted in social interactions and a collective intention to increase the liveability, sustainability and resilience of the local territory.

Social Economy enterprises are an essential feature of local economies and inclusive societies. Traditionally, social economy encompasses specific types of organisations (from cooperatives, mutual societies, associations, foundations or social enterprises); which share common principles that value social and environmental benefits over profit and promote democratic and participatory governance.

KEY FACTS AND FIGURES



SOCIAL ECONOMY

2.8 million social enterprises in EU



13.6 million people employed in social enterprises



PROXIMITY ECONOMY

An ongoing study aims to develop a measuring framework for the proximity economy, taking into account its **competitiveness, value creation, environmental and social impact and innovation dynamics.**

KEY CHALLENGES



Boosting local economies: cities and local businesses are key in advancing the twin transformation, creating lead markets for the deployment of clean technology and products. Thanks to their local roots and aim of serving their communities, social economy enterprises can play a key role in achieving this, helping to address objectives local challenges and supporting local economic development. Local and social economy actors need targeted support and capacity building tools to fully unleash their potential.



Creating start-ups and scaling up the social economy: specific financial schemes are needed to help social economy flourish. Social impact measurement methodologies fit for the ecosystem should also be largely diffused.



Need for skills: while social economy entities often provide services of training and reskilling workers, especially among the vulnerable social groups, the ecosystem faces a large need for skills to remain competitive and gain access to new markets.

MAKING PROXIMITY AND SOCIAL ECONOMY GREENER, MORE DIGITAL AND MORE RESILIENT

The European Commission, together with around 400 stakeholders, published a Transition Pathway for the Proximity and Social Economy Ecosystem in November 2022. This is a dynamic roadmap to support the green and digital transitions of the ecosystem, while improving its resilience. This builds on the ecosystem's already strong contribution to sustainable and socially responsible practices, providing goods and services for a wide range of economic sectors linked to circular economy, health and care services, culture, renewable energy or social and affordable housing. To make the transition pathway a reality, participating stakeholders are now implementing a series of pledged actions, with the Commission's support and collaboration.



Humana Nova a social economy organisation from Croatia aims to promote and market the activities of selected corporations and private sector companies, which demonstrate responsible market behavior and have positive impact on the local community, to show how such partnerships can create value for their business model.

Erste Group Bank from Austria will use its Social banking programme to provide a total of EUR 650 million in financing until 2025 to support the creation and preservation of 200.000 jobs by 2030.

SUPPORTING THE TRANSITION



SECURING RELEVANT SKILLS

The European Commission, together with relevant stakeholders, has supported the establishment of a large-scale skills partnership for the proximity and social economy ecosystem as part of the broader EU Pact for Skills. The ambition of the large-scale partnership is to support to promote the up/re-skilling and the transfer of green and digital skills. As part of this, multi-stakeholder local skills partnerships are established.



SIMPLIFYING RULES

The Social Economy Action Plan of December 2021 proposes a series of actions until 2030 to promote an enabling environment for the social economy. In September 2023, the Commission also proposed new rules on European cross-border associations which is currently being discussed by the co-legislators. In November 2023, the Council adopted recommendation on developing social economy framework conditions.



SUPPORTING LOCAL GREEN DEALS

Small local and social businesses and organisations can play a big role in the green and digital transformation of local economies. The Commission's Intelligent Cities Challenge brings together various organisations to work with industry and local SMEs on Local Green Deals. In its current phase (2023-2025) the programme mobilises 80 cities from 18 European countries to conclude over 180 Local Green Deals with their local industry and businesses.



PROVIDING FINANCIAL SUPPORT

The Commission supports innovative financial products under the InvestEU programme to mobilise private and public funding for inclusive/ social investments. EU funding for the green and digital transition of the ecosystem is also available through the European Social Fund Plus, Horizon Europe, the Single Market Programme, Erasmus+ and LIFE Programme as well as through Cohesion Policy Funds and national recovery and resilience plans.