How to better support the financing of the Social Economy ecosystem in Europe?

With **2.8 million social economy enterprises in Europe**, the social economy ecosystem represents **10% of all businesses in Europe**, employing **13.6 million people**.

With different legal forms (cooperatives, foundations, and associations...), social economy enterprises cover a wide **variety of sectors** (agriculture, forestry, construction, reuse and repair, waste management, wholesale, retail trade, energy and climate, information and communication, financial and insurance activities, real estate activities, professional, scientific and technical activities, education, human health, arts, social work activities, culture, and media).

**What brings them together?**
The primacy of people and a social and/or environmental purpose over profit, the reinvestment of most of the profits and surpluses to pursue activities that are in the interest of their members and of society, with democratic and/or participatory governance.

The singularity that defines social economy enterprises also represents an obstacle when it comes to **access to funding for these unidentified organizations**. When private investors remain cautious, the public sector is called to the rescue: the InvestEU fund launched in 2021 includes a specific window to ensure access to funding, via financial intermediaries, to social entrepreneurs.

The InvestEU fund has the potential to significantly strengthen the social economy ecosystem and ensure its growth and sustainability in the coming years. Despite an envelope of EUR **2.8 billion for the period of 2021 to 2027**, the sector still struggles to access finance. In 2022, the **social economy gap was estimated at EUR 1 billion**.

From easier access to financial instruments for financial intermediaries to an increase in funding and the diversification of financial instruments, representatives from the social economy ecosystem, specially Social Economy Europe’s members, share their recommendations to ensure proper financial support for the ecosystem.
Our recommendations for InvestEU

Increased transparency - adding more information on operations approved and beneficiaries to the InvestEU portal.

Harmonised requirements and process between standardised decision process and reporting mechanism and unify state aid requirements.

Simplify the application and granting process of InvestEU Guarantees and top-up the InvestEU Fund to reach 2027 - simplify the procedure and increase the funding available for financial intermediaries.

Facilitate access to other windows for financial intermediaries - standardise the framework for product eligibility criteria.

Diversify the financial instruments granted under InvestEU - design different instruments.

Blending instruments and involve social economy actors in the design of new financial instruments.

Consider a co-investment facility for foundations under Invest EU as was mentioned in the SEAP.

Investment advisory hub - consider more SE actors including the different SE families.