

Ecopreneur.eu feedback on the European action plan for social economy

This opinion is designed as input for the European Commission in preparation of a European action plan for social economy (Ref. [Roadmap - Ares\(2021\)1543010 – 01/03/2021](#))

Representing almost 3000 green companies throughout the EU, most of them SMEs, Ecopreneur.eu believes that the European Action Plan for a Social Economy should reflect the **convergence** between “green” and “social” enterprises, demand **100% green conditions** on EU support via the European Recovery Plan, and **ambitious implementation of the European Green Deal** with all its components.

Until recently, the “social economy” and the “green economy” were thought of as distinct areas. A social enterprise combines entrepreneurial activity with a social purpose. Its main aim is to have a social impact rather than maximise profit for owners or shareholders.¹ It implements changes wider social or community objectives. A typical social economy enterprise is a non-for-profit organisation and working with people with a distance to the labour market.

A green enterprise on the other hand aims at a reducing environmental risks and ecological scarcities, preferably by creating a positive environmental impact instead of a negative one. About 3% of all SMEs are green front-runners or “ecopreneurs” that are dedicated to sustainability. Many of them are family-owned companies or start-ups. Ecopreneurs support the principles people, planet & profit: These are profitable companies already realising sustainable production, distribution, consumption and recycling; they implement new business models by significantly improved products, services, processes or methods that reduce the environmental impact; some of them are “regenerative champions” generating positive externalities for the climate and the environment; obtain sustainability certificates such as cradle-to-cradle®, or EMAS registration; they support acceleration of the transition to a sustainable economy.

The “social economy” and the “green economy” are however increasingly connected.

Social companies can have environmental objectives, and ecopreneurs can implement social practices. For example, doing business in a social and fair way is a voluntary condition that ecopreneurs apply to their way of working. Some green enterprises also work with people with a distance to the labour market. In one concrete example, they inspect used equipment before refurbishment. Besides the social aspect, their involvement at costs slightly below free market prices can contribute to, potentially even make or break, a circular business case for the company. The convergence between the two groups of enterprises is reflected by a partnership between Ecopreneur.eu and the Euclid network of social enterprises that was formed in 2020, and which builds on earlier collaboration at the member state level.

A remaining difference between green and social enterprises seems to be that, among green enterprises, there is a strong conviction that there is nothing wrong with making a decent profit by creating a positive impact on the world. On the contrary, **by having profit as one**

¹ <https://ec.europa.eu/social/main.jsp?catId=952&intPageId=2914&langId=en>

driver behind the company, green enterprises increase their sales and thereby their positive impact on society. In view of the urgency of solving the climate, resources and biodiversity crises, the positive effect of being for-profit on mainstreaming the low-carbon circular economy seems increasingly important.

Many of the main barriers for growth for green enterprises are systemic and hold back social enterprises just as well: lack of demand in the absence of True Pricing, lack of transparency in the value chain, lack of access to finance, and the complexity of circular design, among others.

Ecopreneur.eu therefore advocates the following **recommendations for the European Action Plan for a Social Economy:**

- 100% green conditions on EU support via the European Recovery Plan. At present, only 37% of the support is labelled as “green”, and in practice many member states have hardly implemented any green conditions at all. Simple logic implies that the **EU is effectively supporting the high-carbon linear economy.** 100% green conditions to beneficiaries could be applied in many ways, such as focusing investments on green activities following the classification in the new EU Taxonomy Rulebook; ending fossil fuel subsidies; demanding the implementation of green reform, or at *least* of a **green sector roadmap**, to be implemented between now and 2030
- **Ambitious implementation of the European Green Deal**, Circular Economy Action Plan, Climate Policy and SME Strategy, including an ambitious textiles strategy² and timely implementation of adopted environmental directives by the 27 EU Member States
- **Strengthening the role of SMEs**, e.g. via **Circularity Hubs** as mentioned by the European Parliament in their recent Circular Economy Initiative Report³
- Implementation of **strong economic incentives**: Circular Procurement, EPR, CO₂ pricing, carbon border adjustment mechanism, tax shift, VAT, etc. These incentives will foster both green and social business models and society in general (employment, lower ecological footprint, social inclusiveness, quality of life, etc.);
- **Minimum requirements for low-carbon circular design** for all end-products in resource- and waste-intensive sectors via the Sustainable Products Initiative.

About Ecopreneur.eu

[Ecopreneur.eu](https://ecopreneur.eu) is the European Sustainable Business Federation of currently six national associations representing about 3000 sustainable companies - mostly SMEs. A member of

² See the Ecopreneur.eu [Feedback on the Textile Strategy](#)

³ European Parliament [report](#) in response to the Commission’s Circular Economy Action Plan

the Coordination Group of the European Circular Economy Stakeholder Platform, Ecopreneur.eu is the only cross-sectoral EU business organisation committed to ambitious measures, rules and regulations for a low-carbon circular economy. We advocate a new economic framework in which sustainability is promoted, the environment respected, and ecological principles are followed. Ecopreneur.eu and our members bring concrete experience from pioneering companies into the political debate, show best practice examples and represent the needs of green SMEs in a credible way.