



PROMISING TRENDS IN GREENING SOCIAL ECONOMY ECOSYSTEM: INSIGHTS FROM THE **DIESIS NETWORK**



This article was written by Anastasia Costantini and Francesco De Rosa (Diesis Network)

Background

Accelerating the twin transition has become a transversal priority, considering recent events, such as the COVID pandemic and the Russian military aggression against Ukraine (e.g., the general disruption of specific supply chains such as agricultural commodities, metals or energy supply). Currently, the European Union has put forward a set of strategies and actions across the 14 Industrial Ecosystems to speed up the. In accelerating Europe's path towards the twin transition, building a greener, more vital, and equitable agri-food sector has become a necessity, and the social economy can have a crucial role. Indeed, it proposes models and best practices to make the transition fair and sustainable for everyone.

The relevant role that the social economy can bring in this sense was already mentioned in the Social Economy Action Plan, published in 2021. Following this flow, at the end of 2022, the European Commission published the Twin Transition Pathway for the proximity and social economy ecosystem.

The transversality of social economy entities within many ecosystems (such as agri-food, tourism, textiles, retail, construction, and energy) makes the greening process of its industrial value chains particularly impactful. Green and sustainable supply chains where social economy SMEs are present can have great economic value and a solid potential for growth. They have strong potential, on the one hand, in developing inclusive business models (e.g., principles of solidarity, participation and transparency) and, on the other hand, in the increase of sustainable products and services (e.g., energy communities and cooperatives, local and sustainable agriculture and tourism, circular products and services).

However, the Flash Eurobarometer 498 on SMEs, green markets, and resource efficiency of March 2022 indicates that 13% of SMEs in the P&SE ecosystem are not taking measures to be more resource-efficient, which is the highest share compared to other ecosystems. The major barriers for the P&SE ecosystem include the complexity of administrative or legal procedures, the cost of environmental actions, the lack of specific environmental expertise, and the difficulty to adapt environmental legislation to their companies.



Social economy organizations (SEOs) are already contributing to circular value chains through their activities and the business models and practices they implement. Still, appropriate scaling strategies and building partnerships are needed to realise their full potential.

As emerged during the co-creation process of the transition pathway, social economy SMEs are facing numerous challenges that hinder their capacity to be more competitive and fulfil their mission in the green transition, including lack of knowledge and skills (green and digital), lack of coherent policy frameworks, limited access to funding and investment for environmentally sustainable practices and technologies, inadequate access to technology and digital solutions.

On 14 December 2021, the Commission presented the Council Recommendation on ensuring a fair transition towards climate neutrality which provides guidance to Member States on social and employment aspects in the context of the green transition. It stresses the importance of social economy enterprises in circular value retention activities (including repair, re-use, remanufacturing and servitisation^[1] business models). The Council Recommendation encourages Member States to stimulate job creation and promote entrepreneurship, including social enterprises, particularly in regions facing transition challenges. It also calls on Member States to foster training and advisory services and to set up incentives such as social innovation actions and local initiatives to support circular economy practices, donation and sharing schemes, including through social economy enterprises.

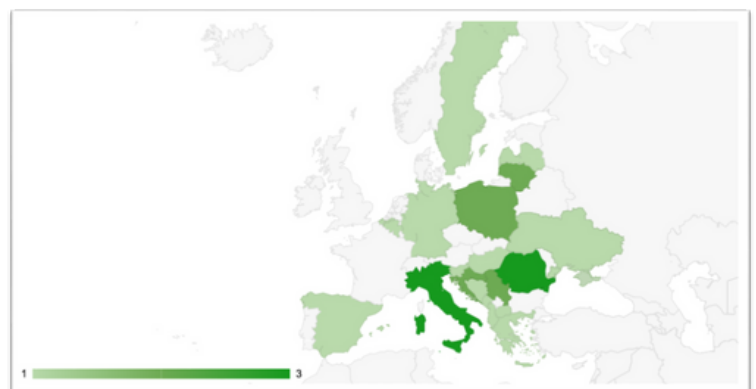
[1] *The servitisation of products describes the strategy of creating value by adding services to products or even replacing a product with a service. This shift in business model is important because it means the interests of clients and providers are much more closely aligned.*

Greening social economy ecosystem: the survey

Diesis Network recently conducted a survey among their members to gain insights into the extent to which social economy organizations are contributing to the transition towards a greener economy. Diesis Network is one of the widest networks specialized in supporting the development of the social economy, social entrepreneurship, and social innovation. The survey targeted Diesis Members, which are social economy support organizations at the national level and consisted of more than 50 organizations from more than 20 countries.

The survey aimed to understand the current level of green practices being adopted by their members' organizations and to identify which sector they have experiences in implementing greening practices as well as in which field their local members are more involved in terms of the improvement of social economy SMEs environmental footprint.

The findings of the survey will enable Diesis Network to develop with its members future actions (such as tailored capacity-building and knowledge-sharing support activities) to contribute to the green transition in a fair, local, inclusive, and democratic way. The survey received 30 respondents. Thus, the survey it is just a first step to have an overview about what is happening in Diesis Network on the green transition. However, the data collected is not exhaustive and not include all the members of the network.





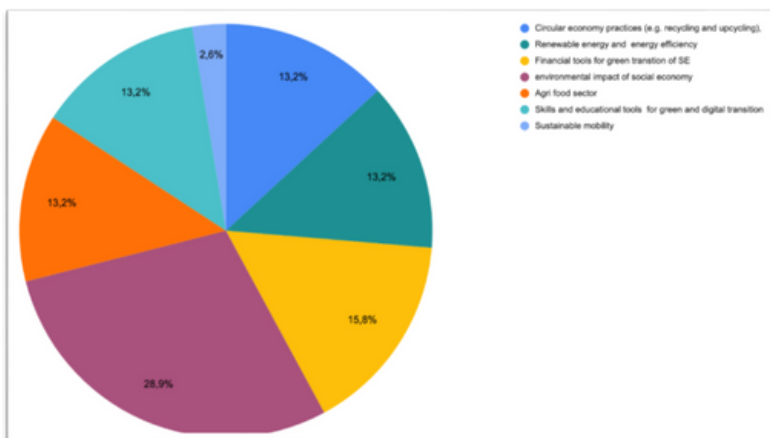
Geographical distribution of Diesis members' respondents. The Results

The results of the survey are in line with EU vision on social economy which aims to support transnational and cross-sectorial cooperation, exchange of good practices, and capacity building for social economy SMEs and entrepreneurs in the green transition.

The activities mentioned from our members focus on improving the environmental footprint of social economy SMEs, boosting their sustainable contribution, and enabling the development of local green markets.

The main priority emerged from the survey is that our members as support organizations at the national aim to empower social economy SMEs to deliver on the objectives set by the EU Green Deal by fostering their capacities and skills, improving their sustainable management, and greening their operations. The objective is to empower social economy SMEs to deliver on the goals of the EU Green Deal by improving their sustainable management and greening their operations.

The survey results indicate that among the different areas of focus, capacity building about environmental impact of social economy (28,9%) and financial tools for green transition (15,8%) have the highest percentage of interest, followed by circular economy practices(13,2%), renewable energy and energy efficiency (13,2%), agri-food sector (13,2%), and skills and educational tools for green and digital transition(13,2%).



Sectorial distribution of Diesis members' respondents

Many members of the network are dedicated to promoting renewable energy and energy efficiency, and they have made significant progress in this field. For example, the Solidarity Economy Center Budapest has established Hungary's first solar energy community and is currently working on a cooperative development agency for energy cooperatives. Faecta, a member of Coceta in Spain, has extensive experience in fostering energy efficiency and renewable energy through cooperative energy communities. Additionally, they have developed a project called "Green Towns," which aims to replace energy consumption with renewable energy in small urban centers. Innova-eG, based in Germany, provides training courses for development workers in sustainable energy co-operatives. Companion, based in Sweden, is involved in renewable energy and energy efficiency, and has developed tools for local energy analysis, which can help local communities create more resilient energy systems. They also engage in policy work and lobbying to influence legislation.

Several members of the network, including Consorzio Ruini Impresa Sociale (CRIS), are implementing activities to boost the capacities and skills of social economy SMEs and entrepreneurs to green their operations and develop sustainable products and services and to encourage the uptake of sustainable alternatives and innovative solutions. This includes a comprehensive process of analyzing needs, assessing skills, designing and delivering publicly funded and customized training courses, conducting research, coordinating planning at national and international levels, monitoring and evaluating results, assessing the impact of the training, and communicating and disseminating relevant information to the network.

Another important aspect followed by our members is the financial tools for the green transition of social economy ecosystem. Among our network, ADV Romania founded AFIN, the first non-bank financing institution in Romania dedicated to financing social enterprises with a green transition emphasis.



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The CGM, from Italy is creating an advisory hub in collaboration with Banca Intesa and the Cariplo Foundation to support third sector entities in the green transition. The Institute for Economic Democracy (Slovenia) works on sustainable ownership structures, promoting green and sustainable business practices.

In addition to developing financial tools for greening the social economy ecosystem, it is also important to measure the social impact of sustainable practices and currently, Lithuanian Social Business Association is implementing a project to measure the impact of social enterprises operating in the green economy field.

By measuring social impact, we can determine the effectiveness of our efforts to promote sustainable practices and ensure that our actions are having a positive impact on society and the environment. Social impact measurement involves assessing the effects of social economy activities and projects on stakeholders and communities, including environmental impacts, economic impacts, and social impacts. It helps social economy enterprises to deal with environmental footprint of various sectors in which they are involved and to understand and communicate the benefits of their work, as well as identify areas for improvement.

Some examples of social impact measures for sustainable practices in the social economy include carbon footprint reduction, reduction of energy, water, and food consumption and waste, improvement of air and water quality, and social inclusion of vulnerable populations.

By developing and implementing effective social impact measures, social economy enterprises can increase their credibility, attract more support and investment, and demonstrate their contribution to achieving the goals of the EU Green Deal.

Following this survey, the UE project **GRAINS - Greening Agrifood in Social Economy** has been designed.

GRAINS will officially start in October 2023 supporting social economy SMEs in the agrifood sector in the transition towards sustainable and environmentally friendly practices and production processes, promoting the adoption of sustainable technologies and innovations and building the capacity and competitiveness of social economy SMEs.

