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GREENING AGRI-FOOD: EMPOWERING SOCIAL ECONOMY THROUGH SUPPORTING INITIATIVES



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The need to transform agri-food production and land management into eco-friendly practices has taken center stage under the European Green Deal.

The European Union recognizes the strategic significance of the agri-food sector, as evidenced by the substantial allocation of the Common Agricultural Policy (CAP), representing about 31% of the EU budget.

Agri-food activities both contribute and are affected by climate change. At the same time, sustainable farming practices, reduction of food loss and waste, eco-packaging solutions, and promotion of local markets and sustainable diets are among the strategies to mitigate climate change while safeguarding biodiversity. However, the pressures on agri-food extend beyond climate concerns, encompassing global demand, resource competition, energy, biodiversity, health diets, and food security (European Commission, 2023).

The social economy emerges as a significant player in this narrative, as highlighted in the Social Economy Action Plan of 2012 and further underscored by the European Commission's Transition Pathway for proximity and social economy ecosystems in 2023.

Social economy SMEs, through their inclusive business models and sustainable products/services, significantly contribute to the green transition.

From agricultural cooperatives to community food enterprises, these entities champion environmentally sound practices while addressing social and economic dimensions of sustainability. Their endeavors encompass ethical production models, reduction of emissions, promotion of local markets, and provision of fair employment opportunities (Cervantes et al, 2023; Bijman et al. 2023). By doing so, they can introduce activities that are more sustainable (reduce emissions related to farming and agricultural practices, transport and packaging, water use, optimisation of resources, and use of renewable energy) and socially fair (decrease prices of healthy, local and high-quality food, help fight food poverty, raise awareness of both social and environmental issues related to the food system, provide fair jobs, etc). (Costantini et al., 2019)

However, social economy SMEs encounter **multifaceted challenges hindering their full potential in the green transition.** These hurdles include lack of knowledge, inadequate policy frameworks, limited access to funding, and technological barriers (European Commission, 2021a; European Commission, 2022; Costantini et al 2022).



In Romania

For instance, in Romania, there are numerous social enterprises and agricultural cooperatives, but **fiscal constraints hinder their formal recognition and growth opportunities**. However, many agri-food-related social enterprises remain unrecognized due to the absence of fiscal facilities for social enterprises in Romania. Agri-food social economy SMEs in Romania face various challenges, including limited collaboration within the food sector, insufficient market access, low sales capacity due to a lack of marketing competencies, inadequate packaging, and constrained storage capacity.

In Germany

The historical evolution of agricultural cooperatives in Germany, particularly in East Germany, highlights the significance of cooperative models in addressing sustainability challenges. Despite structural changes and dwindling membership, **agricultural cooperatives continue to play a crucial role in responsible land management**. However, challenges persist, including the need to balance technology-driven efficiency with ecological sustainability. Sustainability challenges in Germany's agri-food sector, including climate change consequences, soil degradation, loss of biodiversity, and resource management, require innovative solutions and policy interventions to promote sustainable practices. Continued efforts are necessary to mitigate environmental impacts and support sustainable agriculture.

In Italy

In Italy, the bioeconomy emerges as a significant element of the national economy, addressing issues such as soil degradation through innovative approaches like wastewater reconversion and carbon fixation. In the country, cooperatives play an important role in the agri-food sector. The **Alliance of Italian Cooperatives - Agri-Food Sector represents 5,100 cooperatives, 720,000 producer members and 94,000 employees** (56% of whom are employed on a permanent basis). The total turnover is 34.2 billion euros, 24% of the value of Italian agri-food production. There is a wide range of cooperatives in the agri-food sector in Italy, serving different segments of the market, Co-operatives account for 58% of the gross saleable production of wine, 40% of GDP of the fruit and vegetable sector, 43% of the value of national dairy production and more than 60% of the turnover of PDO cheeses; 70% of the gross production of the poultry and rabbit sector (eggs, poultry meat, rabbits) and 25% of the processed products of the beef and pig sectors.

In Ukraine

In Ukraine, the agri-food sector faces challenges such as agricultural land degradation, limited infrastructure, lack of investment, and inefficient resource utilization, in addition to the issues posed by Russian military aggression. The **social economy sector in Ukraine exhibits growth potential, with initiatives like Social Economy Ukraine (SEU)⁷ launching social enterprises in the agri-food sector**. However, further support is needed to bolster the sector's growth and address socio-economic challenges effectively.





About GRAINS project

The GRAINS project (**Greening Agrifood in Social Economy**) is in line with the transition pathway of proximity and social economy ecosystem. The project aims to promote sustainable technologies and innovations in agri-food, while also enhancing the capacity and competitiveness of social economy SMEs through knowledge sharing, skills development, and best practice awareness-raising efforts. **It provides sustainable practices training, mentorship, coaching, and financial assistance for social economy SMEs.**

The multifaceted challenges faced by social economy SMEs in their green transition underscore the critical importance of financial support initiatives like the GRAINS Financial Facility Program⁹. These hurdles, including lack of knowledge, inadequate policy frameworks, limited access to funding, and technological barriers, can impede the full realization of the potential of these enterprises in fostering sustainability in the agrifood sector. By providing monetary support for activities such as training, consultancy, digitalization, and technology adoption, financial assistance programs aim to address these challenges and empower social economy SMEs to transition to greener business models. Furthermore, such support encourages cross-sectoral collaboration, promotes sustainable innovation processes, and stimulates further investment in sustainability, ultimately contributing to the development of a more sustainable and resilient agrifood sector in the EU Member States and Ukraine.

GRAINS project is funded by the European Innovation Council and the SME Executive Agency. The project is set to begin on October 1, 2023, and is expected to conclude by September 30, 2025.

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