



## **NOTAT**

15 February 2022

### **Consultation response; Commission staff working document (SWD) on Scenarios towards co-creation of a transition pathway for a more resilient, sustainable and digital Proximity and Social economy industrial ecosystem**

The Danish government welcomes the Commission work on a transition pathway for the “Proximity and social economy” industrial ecosystem and appreciate the opportunity to respond to the consultation of the SWD. The government also welcomes the Commission Action Plan for the Social Economy and appreciates the strong interaction between action plan and the transition pathway.

From a Danish perspective we would like to underline the importance of social entities contribution to capacity building and job creation and the benefits for the society and mainstream businesses. Many enterprises in different sectors are suffering from labour shortage, which makes social inclusion highly relevant. However, there may be a need for more specific knowledge about the future needs for skills and training in the green and digital transition to meet demands. Capacity building, training, and acquisitions of skills in social enterprises as well as in mainstream business could be targeting the future needs.

In this regard we would like to stress that not only social enterprises - but also mainstream businesses - contribute to the social and proximity economy as well as social inclusion and job creation for vulnerable groups. An increasing number of mainstream enterprises are aware of the importance of social sustainability in their business models to meet the enhanced market demands for sustainability. Therefore, the contribution from different forms of mainstream businesses taking social responsibility should also be reflected in the ecosystem. Against this background we also believe there is an unexploited potential for cooperation and partnerships between social businesses and mainstream businesses. This issue has also been stated in the Action plan for the Social Economy, and we appreciate the strong emphasis on partnerships and cooperation in the SWD and the action plan.

We fully support the recognition of the social economy as a key factor in a fair and just green and digital transition, and we would like to add the following remarks to the main questions in the SWD regarding the output scenarios for 2030 and the benefit for the development of a green and digital proximity and social economy industrial ecosystem:

- *Social economy business models could be better integrated in green and circular value chain and social enterprises could expand their business models in green transition markets.* We believe there is a potential for a better integration of business models. There is a limited understanding of social business models and the recognition of the social economy and social entities as an important part of the industrial ecosystem should be strengthened. A green and digital transition can be the future platform for social enterprises and other socially responsible businesses to revitalize their business models, which could lead to new partnerships and a broader access to markets and a more resilient economy within the social economy sector.
- *The recycling and reuse sector in social economy approaches its employment potential.* Surveys indicate that sectors with manual operations where no specific education is needed, has a high potential for job creation for people distanced from the labor market. The potential is highest in sectors such as industries and reuse and recycling sector, facility services, packeting and logistics. Building a strong recycling, reuse and repair sector will have a positive impact on the social economy. A survey made by Cabi (in Danish) identifies the potential for social inclusion in the circular economy: [https://www.cabiweb.dk/media/4133/cirkulaer-oekonomi-og-arbejde-til-flere-340384\\_-1.pdf](https://www.cabiweb.dk/media/4133/cirkulaer-oekonomi-og-arbejde-til-flere-340384_-1.pdf)
- *Increase of community based social enterprises active in ecological transition.* Engagement models for civil society, social and proximity economy actors can play a more important role, primarily in rural areas and contribute to the transition of local communities. The use of existing measures and models such as the Community Led Local Development approach in structural funds programmes should be considered as a tool for the development of the proximity economy.
- *Increase in green and social entrepreneurship, innovation and scaling.* An increase in the number of social impact entrepreneurs and scaling-up of new and existing business can boost the social economy and contribute to a better integration of the social business models in the industrial ecosystem. In a short-term basis this could also lead to new partnerships and cooperation among social enterprises and mainstream enterprises, which we believe has an unexploited potential.

- *Access to more and better (digital) data* is an interesting tool to obtain a higher recognition of social enterprises and entities as a potential business partner and as an important player within the industrial ecosystem.

It can be informed that a multi-stakeholder Council for Responsible Business Conduct and the Sustainable Development Goals has been launched by the government to support the green transition and social inclusion. The council is the national platform for dialogue with social stakeholders, businesses/industry organisations and the Government.

The Danish government is looking forward to the future work on the transition pathway for a more resilient, sustainable and digital Proximity and Social economy industrial ecosystem.