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FOR SOCIAL ENTREPRENEURSHIP

WORLD ECONOMIC FORUM

In collaboration with Deloitte

Unlocking the Social Economy: Towards Equity in the Green and Digital Transitions

INSIGHT REPORT

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Preface

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We live in a time of great transformation, with the green and digital transitions leading the current wave of change. The green and digital transitions, often called the "twin transitions", are closely interconnected. Digitization plays a vital role in driving sustainable growth, particularly during this decisive decade for climate action. However, growing attention is being paid to the significant environmental footprint of the digital economy and the disproportionate burden placed on both developing countries and marginalized communities everywhere.

The transformation associated with the green and digital transitions brings disruptions and potentially exacerbates existing inequalities. In a global economy increasingly defined by digital skills, 2.6 billion people are still without reliable internet access[1] and 760 million people are without access to electricity worldwide.[2] In the green economy, communities that heavily depend on fossil fuel industries, such as coal mining and oil drilling, and those that depend on agriculture, are at risk of losing their current livelihoods and being left behind.

To address these inequalities, leaders must find solutions that improve the inclusivity of our global economy and value chains. They must ensure that the green and digital transitions also benefit the historically underserved and the newly disrupted.

Enterprises in the social and solidarity economy are providing inclusive and innovative business practices serving as an inspiration to governments and businesses on how to make that happen.

By prioritizing social and environmental impact, the social and solidarity economy, majority-led by women and youth, intentionally drives a more equitable economy. Learning from the successful approaches and models used by entities of the social and solidarity economy, policy-makers can design policies to achieve greater equity and inclusivity in the green and digital transitions.

Written in partnership with the World Economic Forum and Deloitte, this report by the Schwab Foundation for Social Entrepreneurship aims to guide government policy-makers and corporate leaders towards inclusive outcomes through innovative policies.

By doing so, we can make the green and digital transitions more inclusive, equitable and effective for everyone. We stand at an important moment in an era of great change. By acting now to support social and solidarity economy entities and their innovations, we can harness the incredible power of these green and digital transitions to ensure that business success and social progress both move forward together.

Executive summary

There is an opportunity to promote equity in policies addressing climate change.

This report focuses on the transformative forces of the green and digital transitions that are reshaping the way people live and work. The green transition is driven by the desire to decarbonize industries and promote environmental sustainability. The digital transition harnesses technologies to enhance productivity and innovation.

Both present economic opportunities. Nature-positive solutions are projected to create $10.1 trillion in business opportunities and 395 million new jobs by 2030.[3] In 2022, the digital economy already accounted for more than 15.5% of global gross domestic product (GDP).[4]

However, the costs and benefits of the transitions are not evenly distributed. In a global economy that will be increasingly defined by digital skills, 2.6 billion people are still without reliable internet access[5] and 760 million people are without electricity worldwide.[6] In the green economy, communities that heavily depend on fossil fuel industries are at risk of losing their current livelihoods.

This report showcases that amid growing inequality and disruptive global transitions, the social economy drives economic equity. Social enterprises (businesses that prioritize people and the planet over profit) are not only spearheading innovation in the green and digital transitions but also creating better outcomes for those who need them most. There are an estimated 10 million social enterprises globally, generating over $2 trillion in annual turnover – which is more than the fashion or advertising industry.[7]

Building on the economic equity framework (Figure 1) presented by the World Economic Forum in 2024, this report demonstrates that the social economy could help drive economic equity by:

- Training and employing 200 million people from target populations
- Producing affordable goods and services through smart use of technology and innovation, tiered pricing strategies and the promotion of reuse, repair and recycling
- Ensuring access to relevant products and services through community engagement and inclusive innovations
- Making close to $1.6 trillion in finance and investment available, often to marginalized groups, through impact investing, microfinance and fintech
- Building capacity to create and sell relevant products and services through training, networking and social marketplaces.

Policy-makers and business leaders stand to gain from partnering with and investing in social enterprises to promote economic equity in the green and digital transitions. A literature review and interviews across the public and private sectors reveal a range of policy actions that the government could consider taking to advance social enterprise in the green and digital transitions. These policy actions include:

- Dedicated action plans and strategies to promote social economy
- Tax incentives for public benefit enterprises
- Subsidies for essential products and services
- The inclusion of social and environmental criteria in procurement decisions
- The inclusion of social criteria in investments in the green and digital transitions
- Market regulation
- Public-private collaboration on key transition challenges.

Introduction

Policy-makers have an opportunity to promote equity in policies addressing climate change and rapid digital transformations.

Current times are defined by a rapidly transitioning world and the need to adapt to constant change. The world is facing major transformations, all occurring at once. They are economic, including the dramatic decarbonization of industry; technological, due to the merging of the digital and physical worlds and embedding of artificial intelligence (AI); geopolitical, driven by the shift from a unipolar to multipolar environment; and social, as citizens cope with massive changes and sometimes conflicting values.

This report focuses on the green and digital transitions that are radically transforming our societies and economies. These transitions offer social, environmental and economic opportunities but also present risks.

Digital jobs are expected to rise globally from 73 million to 92 million by 2030,[8] and 14 million jobs are forecast to be created in green technologies by 2030 in Asia and the Pacific alone.[9] As impressive and promising as these statistics seem, serious challenges lie in the way of achieving a sustainable and equitable future. Across both transitions in our global economy, progress is leaving many behind and, in some cases, worsening existing disparities.

Moreover, the green and digital transitions are closely interconnected. Digital solutions can play an important role in reducing global emissions. Analysis by Accenture, in collaboration with the World Economic Forum, shows that digital technologies, if scaled across industries, could deliver up to 20% of the 2050 reduction needed to hit the International Energy Agency net-zero trajectories in the energy, materials and mobility industries.[10] At the same time, United Nations Trade and Development's (UNCTAD) *Digital Economy Report 2024* highlights that digital technology and infrastructure depend heavily on raw materials, and the production and disposal of more and more devices, along with growing water and energy needs, are taking an increasing toll on the planet.

In designing policies to combat climate change and respond to rapid digital transformations such as AI, policy-makers can design for equity. As they navigate the complexity of delivering a just transition and an inclusive digital transformation, some policy-makers have turned to inclusive and innovative business models in the social economy.

For example, in 2022, the European Commission published the transition pathway for proximity and social economy,[11] identifying 14 action areas and 30 specific actions to help the social economy lead the way on green and digital transformation. In 2024, the African Union (AU) adopted its 10-year SSE strategy and implementation plan,[12] which directly contributes to the aspirations of the AU's Agenda 2063[13] to drive inclusive and sustainable development.

This report highlights how the social economy is contributing to economic equity in the green and digital transitions. It presents a range of policy actions taken by governments to promote the social economy.

> **Parts of the social economy contribute to the green and digital transitions at large by supplying sustainable goods and services and bridging the digital divide. Their participatory business models, which consider the needs of citizens, employees and other stakeholders, help ensure that the transitions are fair and inclusive.**
>
> **Source:** European Commission. (n.d.). *The transition pathway for the proximity and social economy.* https://single-market-economy.ec.europa.eu/sectors/proximity-and-social-economy/transition-pathway_en.

Image credit: Fair Trade

Report methodology

The report builds on the insights gathered through extensive desktop research, literature reviews and over 20 interviews with government, business and social enterprise leaders.

The team reviewed literature about the green and digital transitions, social enterprises' ability to drive economic equity and policy's role in creating enabling environments for the equitable transitions. The interviews included a standardized series of questions, including, but not limited to:

- What are the mechanisms by which social enterprises drive equity?
- How have policy-makers fostered a conducive environment for digital and green social enterprises?
- What policy measures are needed to ensure that the green and digital transitions are equitable?

Interviews included leaders from the following global regions: Europe, Africa, North America, South America and Asia.

1 What is equity in the green and digital transitions?

Left unaddressed, the exclusion of marginalized groups in the green and digital transitions is predicted to be costly.

Image credit: SEKEM

The potential risk of the green and digital transitions widening inequalities is not a peripheral concern. It is set against a backdrop of already widening inequality. There is no region in the world where the poorest 50% of the population own more than 5% of wealth.[14] While the full impact of the global pandemic on inequality is still unknown, the International Monetary Fund (IMF) indicates inequality has likely increased in many countries, given the evidence of rising poverty and, simultaneously, rising billionaire incomes.[15]

While the green and digital transitions did not create these inequalities, data suggests they can exacerbate existing inequalities and leave new groups behind.

The acceleration of the digital transformation widens the gap between those with access to digital technologies and those without. New technologies emerge every day, but many communities struggle to access the benefits of these tools. An estimated 2.6 billion people, or one-third of the global population, remained offline in 2023. This particularly concerns women and rural populations.[16] Additionally, the growing use of technologies such as AI can accelerate the loss of traditional jobs such as manufacturing while also creating new workforce risks for people earning lower incomes.[17] In the US alone, adopting generative AI could automate nearly 10% of tasks, disproportionately affecting lower-wage jobs, which are 14 times more likely to result in job displacement or transition than higher-wage jobs.[18]

The transition towards a green economy could also significantly impact the labour market, with 78 million workers exposed to job loss by 2030.[19] The job loss will likely be concentrated among a subset of mostly low-wage, low-skilled, informal, ageing and rural workers who already feel left behind.[20] Lack of access due to cost or infrastructure has impacted communities' abilities to participate in the green transition. Smallholder farmers, for example, often lack the capital to invest in sustainable farming practices.[21]

Image credit: The Clothing Bank

1.1 Origins of equity discussions in the green and digital transitions

In the last 50 years, public debate has increased on inequality as a fundamental problem. Discussions around justice in the climate transition started in the 1970s and were shaped by the efforts of labour unions to achieve justice for workers while responding to environmental concerns.[22] Since then, there has been a broader emphasis on dialogue and engagement with key stakeholder groups beyond workers and decent jobs. For example, there has been an increasing focus on communities (e.g. loss of land, cultural capital), human rights (e.g. use of child labour in cobalt mining) and broader stakeholder engagement (e.g. representation and inclusivity in decision-making).

The public debate about inclusion in the digital transition gained prominence in the late 1990s and early 2000s.[23] The term "digital divide" was introduced to highlight disparities in digital access based on socioeconomic status, geography, race and education. Beyond digital access, concerns around privacy, surveillance and representation in the development of technologies have recently increased.

1.2 Marginalized communities at risk of exclusion

While marginalization is context-specific and dependent on geography, historically marginalized groups are at greater risk of being excluded from the benefits of the green and digital transitions. They may face greater risks of exclusion because of several interlinked factors, including:

- **Political marginalization**: Historically, marginalized groups have had less political power and representation. This lack of influence means their needs and interests are often overlooked in policy-making processes.[24]
- **Economic disparities**: Marginalized groups often face higher levels of poverty and lower income levels.[25] The high costs associated with green and digital technologies can be prohibitive for lower-income individuals, potentially skewing benefits towards wealthier groups.
- **Educational barriers**: As new technologies and sustainable practices emerge, there is a critical need to provide widespread access to training programmes for all. Lower levels of education and limited access to quality educational resources can prevent individuals in marginalized groups from gaining the skills and knowledge needed to participate in the digital economy and understand green technologies.[26]
- **Lack of access to infrastructure**: Marginalized groups often lack access to critical infrastructure and financing, including reliable internet, modern energy grids and transport networks, further isolating them from the benefits of green and digital advancements.[27]

The exclusion of marginalized groups has proven to be costly for both the individuals concerned, and wider society. Excluded individuals may face physical and mental health costs and loss of wages. For wider society, rising inequality has been associated with social discontent and contributed to increased political polarization. It can weaken trust in public institutions and undermines democratic governance.[28] The economic costs of exclusion are also significant: globally, the loss in human capital wealth due to gender inequality is estimated at $160.2 trillion.[29] In the US alone, it is estimated that the widening racial wealth gap will cost the country up to $1.5 trillion in economic growth by 2028.[30] This translates to a cap on gross domestic product (GDP) growth of 6%.[31]

Image credit: Amazon Sacred Headwaters Alliance

1.3 Introducing a framework for economic equity

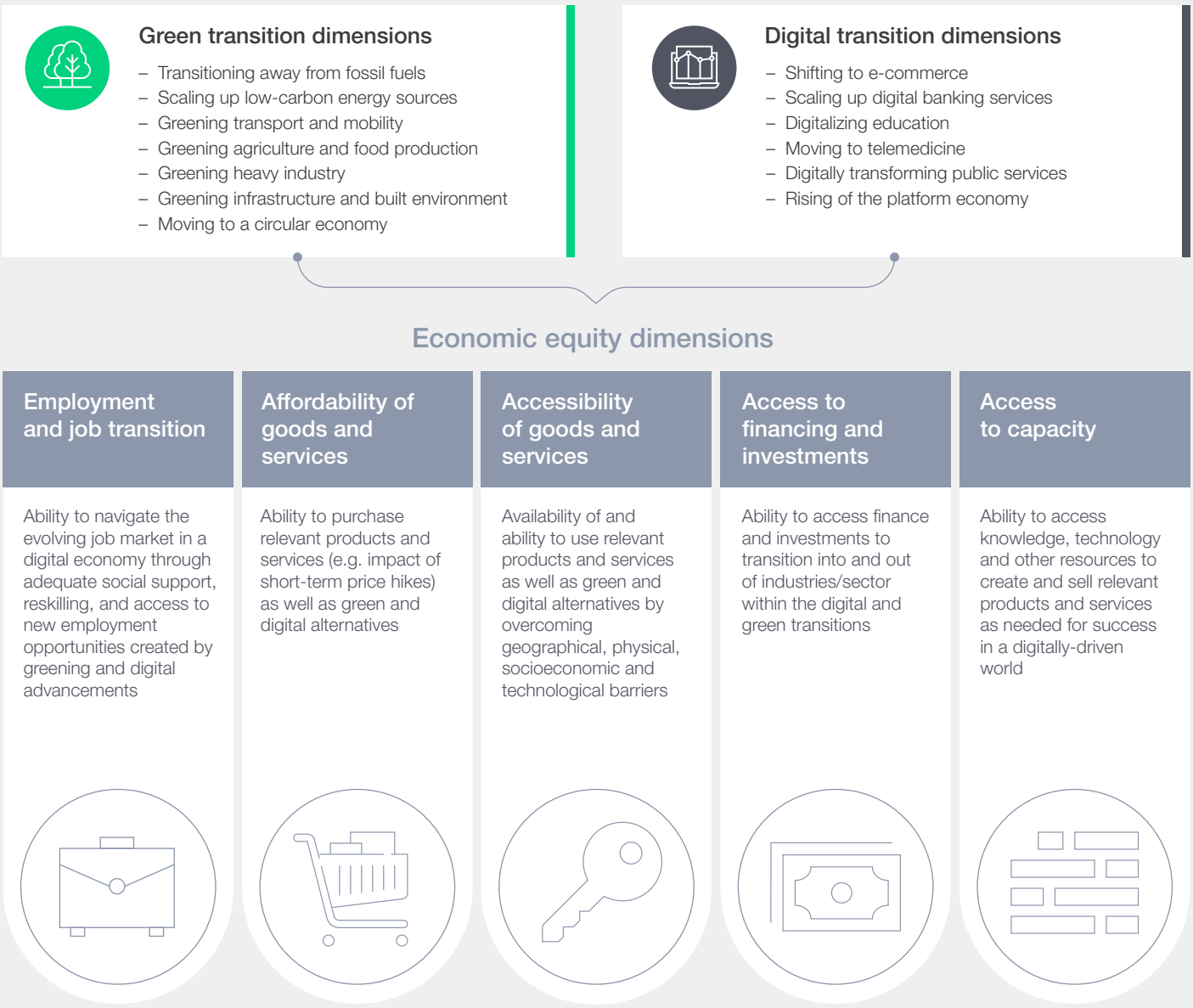
There is not yet a unifying definition of "just" or "equitable" transitions or a shared understanding of how to achieve them in practice. This report considers the economic equity framework as presented in the 2024 World Economic Forum report, *Accelerating an Equitable Transition: A Framework for Economic Equity*. Economic equity considers the fairness in distributing the costs and potential benefits of the green and digital transitions.

Economic equity is only one dimension of fairness. It does not include:

- Dimensions of procedural equity: the degree of involvement and inclusiveness in rulemaking and decisions.
- Dimensions of contextual equity: pre-existing conditions that limit or facilitate people's access to decision-making procedures, resources and, thereby, benefits.[32]

Economic equity is broken down into five key areas: employment and job transitions, affordability of products and services, accessibility of products and services, access to financing and investments, and access to capacity (Figure 1).

FIGURE 1 **Economic equity framework**



Source: Adapted from World Economic Forum. (2024). *Accelerating an Equitable Transition: A Framework for Economic Equity.* https://www3.weforum.org/docs/WEF_Accelerating_an_Equitable_Transition_A_Framework_for_Economic_Equity_2024.pdf.

2 How does the social economy drive economic equity in the green and digital transitions?

Through inclusive and sustainable business practices, the social economy can drive equity in the green and digital transitions.

Image credit: RLabs

The social economy has been helping to drive inclusive outcomes for decades. It comprises distinct business models that prioritize social and environmental value and are organized or registered as associations, co-operatives, foundations, not-for-profit organizations, voluntary groups and social enterprises. The millions of people engaged in the social economy highlight their potential to enact scalable change. A recent study by the World Economic Forum found that there could be as many as 10 million social enterprises globally, employing 200 million people.[33] They are collectively generating over $2 trillion in annual turnover, which is larger than the fashion or advertising industry.[34]

BOX 1

What is a social enterprise?

The Social Enterprise World Forum describes five characteristics shared across various definitions of social enterprises.[35] These five standards are used by the People and Planet First social enterprise verification system:

Social enterprises exist to solve social and/or environmental problems.

They prioritize purpose over profit in operational and strategic decisions.

A portion of income is earned through trading.

They reinvest most of any surplus towards their purpose.

They choose legal structures and financing that protect and lock in purpose over the long term.

Source: Social Enterprise World Forum

Social enterprises are intentionally driving equity. A study from Europe suggests that the purpose of 66% of all social enterprises is to improve outcomes for target beneficiaries. The top five target groups for social enterprises in Europe are youth, women, individuals with mental disabilities, individuals with physical disabilities and long-term unemployed.[36]

The following sections outline how the social economy drives impact along the five dimensions of economic equity. While each section focuses on one of the five dimensions, many social enterprises drive economic equity across multiple dimensions.

> **The social economy and social innovation actively address socioeconomic and environmental challenges and contribute to a just twin transition by aiming for marginalized groups to not be left behind and that the benefits of these transitions are shared equitably. This includes challenges related to poverty alleviation, healthcare, education, housing and community development, as well as environmental conservation and promoting fair access to resources.**
>
> **Source:** Organisation for Economic Co-operation and Development (OECD). (n.d.). *Social Economy and Social Innovation*. https://www.oecd.org/en/topics/sub-issues/social-economy-and-social-innovation.html.

Image credit: ProjectTogether

2.1 Employment and job transition

The green and digital transitions are profoundly reshaping the labour market. The shift towards sustainable practices and renewable energy sources is generating new roles in sectors such as clean energy, environmental conservation and green technologies. Concurrently, digital transformation is creating demand for skills in areas like cybersecurity, data analytics and software development. However, these transitions also necessitate substantial workforce reskilling and upskilling as traditional jobs evolve or become obsolete. While new opportunities abound, there is a need for robust education and training programmes to ensure workers can successfully navigate this dynamic employment environment.

Businesses in the social economy provide skilling and reskilling programmes to target populations, support target populations to find employment or directly employ target populations.

Training and job transition

Social enterprises provide skills development programmes tailored to the needs of their target population. They design reskilling programmes for specific populations, such as older workers, displaced workers from declining industries or individuals from marginalized communities, helping to bridge the skills gap and facilitate a transition into new roles.

A study on work integration social enterprises (WISEs) in 10 European countries found that 40% of the disadvantaged workers who followed an integration pathway at these enterprises found a job in the labour market, and 21% became self-employed or started an education programme. This indicates that around 61% of disadvantaged people have a positive outcome after following an integration path through a WISE.[37]

> **Work integration social enterprises seek to provide training, work and employment opportunities for socially excluded groups, including those with physical disabilities and learning difficulties.**
>
> **Source:** EMES European Research Network. (2005). *National Profiles of Work Integration Social Enterprises: Ireland*. https://emes.net/content/uploads/publications/ELEXIES_WP_02-05_IRL.pdf.

BOX 2 **Oorja in India**

Green transition dimension:
greening agriculture and food production

Oorja, a social enterprise based in India, specializes in sustainable farming technologies and offers training services to facilitate the green and digital transitions in rural areas. Oorja places a strong emphasis on equity by targeting smallholder farmers. The enterprise ensures that these vulnerable populations are not left behind in the transition to sustainable farming practices. They aim to generate direct employment opportunities for community members, with training programmes focused on green skills (e.g. operating solar irrigation systems) and digital skills (e.g. digital platforms for farm management).

Source: Oorja

Image credit: doctHERs

Inclusive employment

Social enterprises are more likely to employ and be led by historically marginalized groups. Today, social enterprises employ 200 million people, which accounts for 6% of the world's working population.[38] Industry research from the UK suggests that social enterprises provide good quality jobs: they are more likely than other businesses to provide better pay, offer training, involve employees in organizational decision-making and retain staff.[39]

Women are at greater risk of being left behind in the green and digital transitions. Globally, there is a significant gender gap in internet usage. As of 2020, 48% of women were using the internet compared to 58% of men.[40] The role of social enterprise in women's economic empowerment has been widely acknowledged. Strikingly, one in two social enterprises worldwide are led by women; by comparison, one in five regular businesses are women-led.[41] The social enterprise sector also employs proportionally more women than the workforce as a whole and more than the private sector in each country (Table 1).

TABLE 1 **Percentage of women employed by social enterprises**

	Brazil	India	Pakistan	UK	US
Women (percentage of total workforce)	43%	24%	22%	46%	46%
Women (percentage of social enterprise workforce)	55%	25%	37%	66%	65%

Source: British Council. (2017). *Activist to entrepreneur: the role of social enterprise in supporting women's empowerment*. https://www.britishcouncil.org/sites/default/files/social_enterprise_and_womens_empowerment_july.pdf.

In most countries, leaders of social enterprises also tend to be relatively young, showcasing the potential of social enterprise in youth empowerment. The British Council finds that for most countries, leaders of social enterprise are between 25 and 44 years old.[42]

Moreover, a report on social enterprise in Sub-Saharan Africa finds that 73% of social enterprises deliberately employ people from poor communities, compared to 56% of profit-first businesses.[43] A study on social enterprise in Europe finds that 37% of these businesses employ people with disabilities.[44] In the UK, 55% of social enterprises recruit from disadvantaged, marginalized or vulnerable groups including ex-offenders, refugees and those with a history of substance abuse.[45]

BOX 3 **Specialisterne Foundation in Denmark**

Digital transition dimension: All

Specialisterne is an internationally recognized leader in harnessing the talents of people with autism and other neurominorities, providing them with the opportunity to sustain meaningful employment. Founded in Denmark in 2004 by Thorkil Sonne, Specialisterne has grown to operate in twenty-six countries worldwide, celebrating two decades of impactful work. Since its inception, Specialisterne has developed innovative hiring and management practices to enhance the neurodiversity of the global workforce. Over 10,000 neurodistinct individuals have been hired in roles ranging from test automation and software engineering to animal husbandry and accommodating museum guests.

Source: Specialisterne Foundation

Image credit: Aravind Eye Care System

2.2 Affordability of goods and services

The economic transformation required for the green and digital transitions can impose long-term shifts in costs, near-term price hikes and market volatility. Increases in the cost of goods (e.g. as a result of carbon taxes), including sustainable alternatives, can significantly impact poorer countries and households.

Social enterprises design their products and services to directly address the needs or challenges of a target population. Through smart innovations, pricing strategies and the promotion of reuse, repair and recycling, they can offer essential goods and services at an affordable price.

Innovation and technology

Social enterprises develop unique products or services that provide effective solutions to challenges caused by the green and digital transitions. They harness innovation and technology to ensure that their offerings are affordable. The European Social Enterprise Monitor finds that 85% of social enterprises adopt innovation in their businesses. Of the social enterprises surveyed, 30% identify platform technologies as relevant to their business and impact model.

A recent report by the Schwab Foundation highlights how social innovators are already adopting AI for positive impact – predominantly in healthcare, environment and economic development.[46] There is parity between impactful applications of AI in high-income countries and low- and middle-income countries. This highlights the ability of social enterprises to adopt technology for impact – even in low-resource environments.

Pricing strategies

Social enterprises often employ pricing strategies that make essential products or services affordable to low-income or marginalized populations, ensuring access to goods that might otherwise be out of reach. Cross-subsidization or tiered pricing allows for a series of stepped prices based upon proven criteria: tiered prices can be set by age, income level, profession or services offered.

BOX 4 **The Aravind Eye Care System in India**

Digital transition dimension:
Moving to telemedicine

Based in India, the Aravind Eye Care System is renowned for its innovative approach to delivering high-quality eye care to a broad spectrum of patients through a tiered pricing strategy. Founded by Govindappa Venkataswamy in 1976, Aravind has become one of the world's largest eye care providers, offering services ranging from basic eye exams to complex surgeries. Aravind provides free or highly subsidized eye care services to patients from low-income backgrounds. Thanks to the subsidized model, these patients receive the same high-quality medical care as those who can afford to pay. Wealthier patients are charged higher fees for the same services. These fees are set at market rates and cover the full cost of the services provided, including any additional amenities or personalized care. Aravind had deployed telemedicine in its primary eye care centres since 2004. This now enables over 85% of the million annual outpatient visits at these centres to be resolved locally. This results in significant cost saving for the patients and also eliminating travel related carbon footprint.

Source: Aravind Eye Care System

Repair, reuse and recycle

At the heart of the circular economy, social enterprises contribute to product affordability by promoting repair, reuse and recycling. Social enterprises develop repair services or "repair cafés" that offer affordable repair services for electronics, appliances, clothing and other goods. Second-hand stores are another common business model for social enterprises, where pre-owned goods can be bought and sold at a low cost.

In 2023, Technoserve, Ikea Social Entrepreneurship and the Global Alliance for Social Entrepreneurship published a report highlighting social enterprise's potential in the circular economy.[47] The report finds that social enterprises benefit the circular economy by, among other impact aspects, creating social benefits for their target groups. This includes recycling companies that employ low-income or marginalized populations directly to source or sort materials and social enterprises repurposing or remanufacturing material typically sourced at a low cost, enabling them to provide affordable products for low-income consumers.

> **Job creation in the reuse sector: social enterprises create 70 jobs per 1,000 tonnes of materials collected for the purpose of being reused.**

Source: RREUSE. (2021). *Job creation in the re-use sector: data insights from social enterprises*. https://rreuse.org/wp-content/uploads/04-2021-job-creation-briefing.pdf.

2.3 Accessibility of goods and services

The green and digital transitions impact the availability of relevant goods and services across geographies and communities. Digital technologies enable remote access to essential services such as healthcare, education and financial services, bridging the gap caused by geographical and socioeconomic barriers. Green technologies such as solar panels and other renewable energy solutions can be deployed in off-grid areas, increasing access to electricity in underserved communities. However, this does require the services and infrastructure necessary to operate them.

Social enterprises play a crucial role in ensuring access to essential goods and services to hard-to-reach populations and have spearheaded off-grid solutions in areas lacking traditional infrastructure. They do so through deep community engagement and inclusive innovations.

Community-based solutions

Social enterprises build and use community members' knowledge, resources and participation to create accessible products and services. Social enterprises have local networks and deep insight into emerging market consumers' needs, wants and behaviours.[48] Of the social enterprises in Europe whose purpose is to improve outcomes for a target population, more than 65% involve them in their production processes/services in one way or another. Indeed, many social enterprises are made up of local community members who aim to mitigate issues within their specific community, making them a ripe source of place-based knowledge and innovation.

BOX 5 **WeTu in Kenya**

Green transition dimension: Greening transport and mobility, greening agriculture and food production

In the Lake Victoria region of Kenya, only 35% of the population has access to clean drinking water, and only 20% of the population is connected to the central energy grid.[49] The social enterprise WeTu, founded in 2019, tackles this need. The name "WeTu", meaning "ours" in Swahili, represents their focus on community-based solutions on three key products: solar-power rentable fishing lanterns, e-mobility bikes and clean drinking water ATMs (automated teller machines). Their fishing lanterns are chargeable and float in water, so there is no risk of water pollution. The lanterns are rented so that WeTu can manage maintenance and repairs instead of users. Their e-mobility bikes are also pollution-free, quieter and rented so users can better manage their finances during the off-season. The water WeTu provides is available 24/7, 365 days a year, through a water ATM system that accepts cashless payments, making it readily available even in rural areas.

Source: WeTu

Inclusive innovations

Social enterprises develop products and services that intentionally aim to include and benefit marginalized or underserved populations in the green and digital transitions. In almost 80% of cases where social enterprises target specific groups, beneficiaries consume the organization's products and services.

The first off-grid solutions originate from social enterprises that developed and distributed solar home systems. As early as 2009, d.light, a social enterprise, introduced the Kiran solar lantern. Dubbed by its staff the "$10 kerosene killer", the Kiran is the world's most affordable quality solar lamp.[50]

BOX 6 **Shenzhen Power Solutions in China**

Green transition dimension:
Scaling up low-carbon energy sources

Shenzhen Power Solutions is a leading manufacturer of renewable energy products specializing in solar lighting and power solutions. Founded in 2004, the company is headquartered in Shenzhen, China, and has built a reputation for providing innovative and affordable solar energy products range with solar lighting system and solar DC home appliances to underserved communities worldwide. They have provided solar light to 54.87 million people.

Source: Shenzhen Power Solutions

Image credit: Shenzhen Power-Solution Ltd

2.4 Accessibility of financing and investments

Participation in the green and digital transitions often requires substantial capital and resources. Significant upfront investments are necessary for businesses and communities to adopt green technologies, such as renewable energy systems and energy-efficient infrastructure, or to integrate advanced digital tools and systems. Without adequate financing, the potential benefits of these transitions – such as reduced environmental impact and increased digital connectivity – remain out of reach for many.

Through impact investing, microfinance and innovative financing schemes, the social economy contributes to the accessibility of financing and investments in the green and digital transitions, focusing on target populations.

Impact investing

Impact investors make investments to generate positive, measurable social and/or environmental impact alongside a financial return. The growing impact investment market provides capital to address the world's most pressing challenges in sectors such as sustainable agriculture, renewable energy, conservation, microfinance, and affordable and accessible basic services, including housing, healthcare and education.[51] The Global Impact Investing Network (GIIN) estimates the size of the worldwide impact investing market to be $1.571 trillion.[52] As a comparison, the United Nations Trade and Development estimates the annual investment gap developing countries face to achieve sustainable development goals is $4-4.3 trillion.[53] While the size of the impact investing market is significant, the proportion of assets under management (AUM) allocated to each region varies significantly. The US and Canada receive 29% of the AUM, while the Middle East and North Africa only receive 3%. Energy is attracting the greatest proportion of AUM in the impact investing sector, with 17% of AUM and 55% of all investors allocating at least some portion of their AUM to energy solutions.[54]

Microfinance

Microfinance, also called microcredit, is a banking service provided to low-income individuals or groups who would otherwise not have access to financial services. The microlending industry reaches over 211 million customers[55] and was valued at $204 billion in 2024.[56] Women make up 80% of the borrowers, and 65% of the borrowers live in rural areas.[57] A distinction can be made between for-profit and nonprofit microfinance institutions, where nonprofit microfinance institutions typically have a better capacity for outreach to the poorest clients.[58]

Fintech

The social economy uses innovative technologies to provide capital to underserved communities. They do so through digital platforms, peer-to-peer lending systems and "pay as you go" models, which enable users to pay for products in small, manageable instalments.

BOX 7

myAgro in Mali, Senegal and Ivory Coast

Green transition dimension:
Greening agriculture and food production

Digital transition dimension:
Scaling up digital banking services

myAgro is a mobile layaway platform that enables farmers to save for their agricultural inputs – seeds, fertilizers, poultry and corresponding training – in small increments using their mobile phones. While most microfinance institutions provide loans for farmers to purchase agricultural products, myAgro empowers farmers to save their own finances through small mobile deposits, avoiding high interest rates and long trips to formal banking institutions. It also supports farmers in overcoming climate change challenges through sustainable agriculture practices. myAgro currently markets to smallholder farmers across Mali, Senegal and Ivory Coast.

Source: myAgro

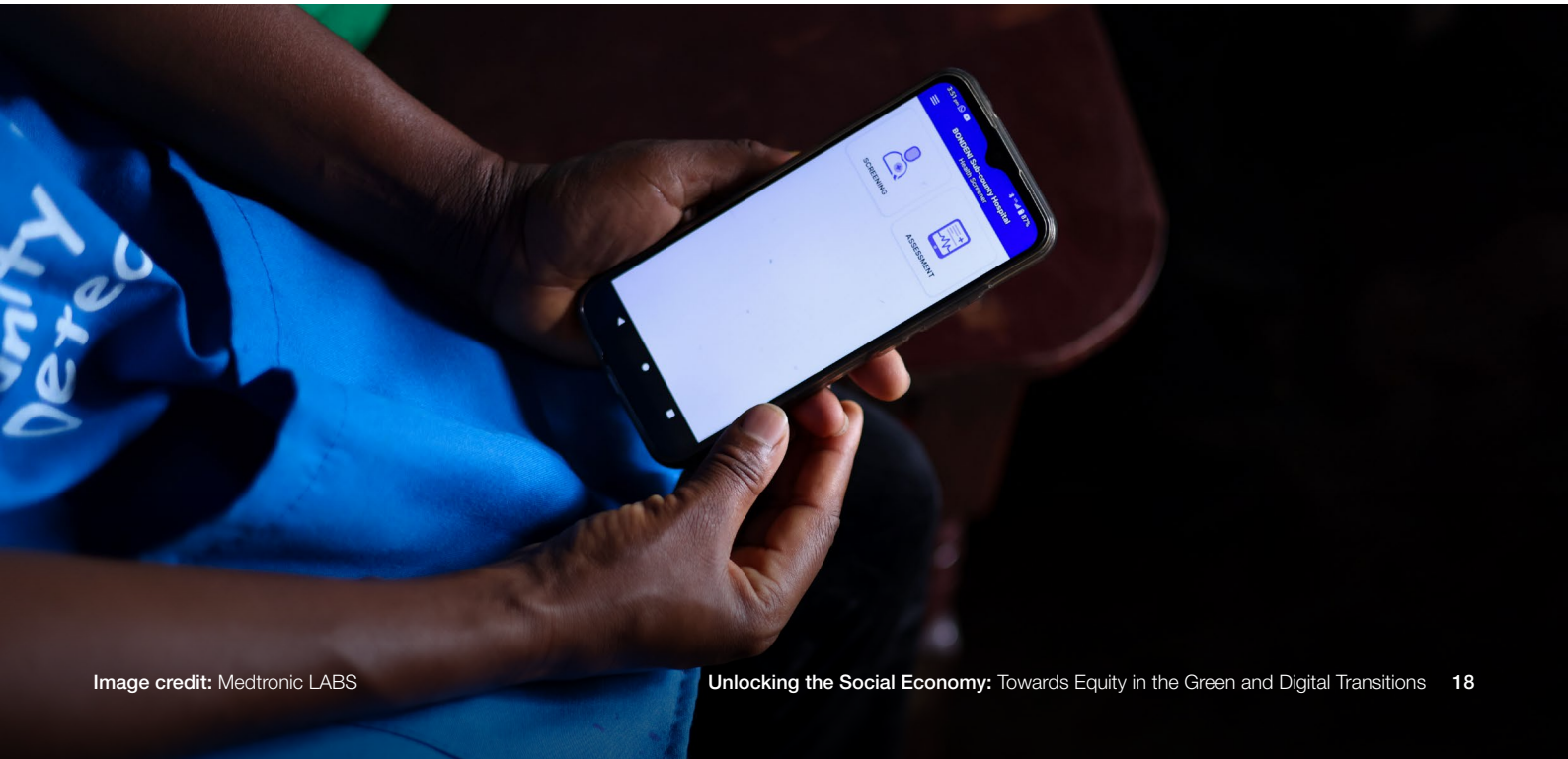


Image credit: Medtronic LABS

2.5 Accessibility of capacity and markets

Accessibility of knowledge, technology, natural resources and markets is critical for participation in the green and digital transitions. In addition to technology and know-how, access to shared intellectual property and raw materials influences overall capacity. Through capacity-building programmes and the creation of local networks, social enterprise improves people's access to knowledge and technology to create and sell relevant products and services.

Capacity building

The social economy builds the capacity of target populations to create and sell relevant products and services in the green and digital economy. Through incubators and accelerator programmes, social enterprises offer support to aspiring entrepreneurs. Support programmes often include training, mentorship and access to networks of potential business partners or investors. Social enterprise support structures in Europe typically provide their beneficiaries with networking opportunities, training, coaching, and joint awareness-raising, lobbying and advocacy.[59]

Social marketplaces

A prime example of the social economy's ability to improve the accessibility of markets is social marketplaces. They are platforms that facilitate the exchange of goods, services or information with a focus on social impact, community engagement or social responsibility. These social marketplaces enable micro-entrepreneurs and small- and medium-sized enterprises (SMEs) that produce innovative green and digital solutions to market their products and services. These social marketplaces may introduce labels or certifications to recognize environmentally friendly or social business practices. The Fair Trade label by the World Fair Trade Organization is a well-known example of such a verification scheme.[60]

BOX 8 **Good Market in 120 countries**

Green transition dimension:
Rising of the platform economy

Good Market is a digital commons for enterprises and networks that are working together to co-create an economy that is good for people and the planet. It was started to increase the visibility of the movement, make it easier for people to get involved, and facilitate trade, collaboration and collective action. It includes two types of shared resources:

- A community-owned curation process and crowdsourced monitoring system that works across economic sectors, income levels, language barriers and regional divides.
- Inclusive software designed to facilitate connection and trade, highlight and support existing networks, integrate with other platforms and software tools, and serve as enabling infrastructure.

Local networks use the digital commons to support place-based movement-building initiatives like curated marketplaces, participatory guarantee systems, shared spaces and procurement initiatives. Good Market began in Sri Lanka and now serves enterprises and networks across 120 countries.

Source: Good Market

3 Policy options to advance the social economy in the green and digital transitions

Governments can take a range of actions to help unlock the potential of the social economy in the green and digital transitions.

Image credit: UN Trade and Development (UNCTAD)

Encouraging equity through strategic policy is crucial in the evolving landscape of the green and digital transitions and their impacts on marginalized communities.

The social economy is not a one-size-fits-all solution to drive equity in the green and digital transitions. Some long-standing systemic inequalities are deeply entrenched in society and often embedded in institutional structures, policies and norms. As the UN has highlighted, achieving social inclusion requires transforming deeply rooted systems often based on the unequal distribution of wealth and decision-making power.[61]

However, this report highlights that social enterprises can be one part of the solution. Their models can inspire more inclusive business practices and government policies. Indeed, many social enterprises are made up of local community members who aim to mitigate issues within their specific community, making them a ripe source of place-based knowledge and innovation.[62] This often makes them well-positioned to inform policy and product design.

Social enterprise benefits from supportive government policies to effectively contribute to economic equity. Box 9 highlights five policy priorities presented in the report *Unlocking the Social Economy: Towards an Inclusive and Resilient Society* to strengthen the overall social economy.

BOX 9

Five policy priorities to strengthen the social economy

- Recognize the social economy and build supportive regulatory frameworks
- Create incentives for funding, taxation and investment
- Expand education and research
- Make public and private procurement channels more inclusive
- Collect, measure and visualize social impact data.

Source: World Economic Forum. (2022). *Unlocking the Social Economy: Towards an inclusive and resilient society*. https://www3.weforum.org/docs/WEF_Unlocking_the_Social_Economy_2022.pdf.

Image credit: Schwab Foundation for Social Entrepreneurship

Across the world, numerous policies have been adopted to strengthen social enterprise, particularly for the green and digital transitions. These policies range from dedicated action plans to market regulation, from investments to public-private sector collaboration. The following section explores how policy can develop environments that allow social enterprises to drive equitable outcomes in the green and digital transitions.

BOX 10

How can corporations advance economic equity in the green and digital transitions?

Corporations are at the forefront of the green and digital transitions and often have a direct stake in addressing challenges of economic equity. For example, they require a skilled workforce to produce relevant products and services in the green and digital economy. They are also invested in accessible and reliable infrastructure, allowing corporations to unlock new markets and consumer groups.

At a minimum, businesses should avoid exacerbating existing inequalities. The Business Commission to Tackle Inequality outlines a business action agenda. The top three priorities for businesses are (1) implementing the UN *Guiding Principles on Business and Human Rights*, (2) making essential products more accessible and affordable, and (3) creating diverse, equitable and inclusive workplaces and value chains.[63]

To positively impact equity, corporations can collaborate with social enterprises and adopt more inclusive and sustainable business practices. The Corporate Social Innovation Compass of the World Economic Forum identifies the following engagement mechanisms:

Direct engagement

Social procurement

Collaboration and partnerships

Resources and communications

Corporate investment and funding

Mentorship, capacity development and support

Ecosystem involvement

Network growth

Policy and advocacy

Verification and certification

Integration into business

Social impact goals alignment

Workforce human capital alignment

Supply-chain incentives and policies

Integration of principles into corporate business strategy

Source: World Economic Forum. (2024). *The Corporate Social Innovation Compass: Accelerating Impact through Social Enterprise Partnerships*. https://www.weforum.org/publications/the-corporate-social-innovation-compass-accelerating-impact-through-social-enterprise-partnerships/.

3.1 Dedicated action plans for the social economy

Economic equity dimension: All

International organizations and national governments have developed dedicated action plans to strengthen the social economy in light of the green and digital transitions. The European Commission, for example, introduced the transition pathway on proximity and social economy in November 2022. The Organisation for Economic Co-operation and Development (OECD) adopted a Recommendation on the Social and Solidarity Economy and Social Innovation in June 2022.[64]

Also, the United Nations General Assembly adopted a Resolution in April 2023 and November 2024 titled "Promoting the Social and Solidarity Economy for Sustainable Development" which encourages its member states to "promote and implement national, local and regional strategies, policies and programmes for supporting and enhancing the social and solidarity economy as a possible model for sustainable economic and social development".

BOX 11 **European Commission transition pathway for proximity and social economy**

The transition pathway aims to enable actors in the ecosystem to deliver on the twin transition while fostering a more sustainable and resilient economy in the EU. The pathway identifies 14 action areas and 30 specific actions, including:

Creating financial incentives and supportive regulation for green and circular social economy business models

Certification, labelling and self-regulation

Public and private tech partnerships and support

Supporting digital social innovation (DSI) and “tech for good” entrepreneurship

Source: European Commission. (n.d.). *The transition pathway for the proximity and social economy*. https://single-market-economy.ec.europa.eu/sectors/proximity-and-social-economy/transition-pathway_en.

3.2 Reduced taxation of public benefit companies

Economic equity dimension: Employment and job transition

Another mechanism policy-makers have used is to favour companies that benefit the public through favourable tax schemes. In the European Union, the most widespread tax benefit for public benefit companies is a corporate tax exemption on retained profits. Another type of tax incentive, albeit less widespread, consists of the exemption from or reduced rate of VAT (value-added tax). This can be granted not only on the basis of the services provided but also on the basis of legal status and/or legal form. As two examples, in Belgium, under certain conditions, WISEs benefit from a reduced VAT rate; in Italy, social cooperatives are exempted from paying national insurance contributions for the disadvantaged workers they have integrated. A third important type of tax benefit is the income tax reductions granted to private (both individuals and companies) and/or institutional donors of social enterprises.[65]

> **Recognizing further that the social and solidarity economy contributes to more inclusive and sustainable economic growth by finding a new balance between economic efficiency and social and environmental resilience that fosters economic dynamism, encourages a just and sustainable digital transition, social and environmental protection and sociopolitical empowerment of individuals over decision-making processes and resources.**

Source: United Nations Resolution 77/281 of 27 April 2023.

Image credit: Sumitomo Mitsui Financial Group

3.3 Subsidies for essential products and services

Economic equity dimension:
Affordability of goods and services, and accessibility of goods and services

Another mechanism governments use to encourage economic equity in the green and digital transitions is subsidizing essential products and services for target populations. In India, the Deen Dayal Upadhyaya Gram Jyoti Yojana is a government scheme designed to provide continuous electricity supply to rural India. It invested $9.1 billion for rural electrification under the scheme.[66] In France, the government subsidized leasing electric vehicles for the poorest 50% of the population. A state subsidy could amount to as much as €13,000 and would fully cover the initial deposit. Monthly payments would vary between €70 and €150, depending on the vehicle model.[67]

3.4 Investments in social impact

Economic equity dimension:
Access to financing and investments

Substantial investments are already being made by both the public and private sectors in the green and digital transitions, but social enterprises struggle to access those funds. To overcome this challenge, policy-makers can create investment mechanisms that directly target social enterprises or include social criteria in general transition investments. Germany, for example, opened its existing early-stage loan programme under its European Recovery Program (ERP) to social enterprises and not-for-profit businesses in 2024.[68] This way, social enterprises have access to financing in the form of loans up to €125,000.

BOX 12 **Justice40 in the US**

Justice40 initiative directed 40% of federal investment benefits to disadvantaged communities in the US, addressing decades of underinvestment and pollution burdens.[69] Over fiscal years 2022-2027, more than $600 billion was allocated, including $4.3 billion in climate pollution reduction grants and $773 million for energy-efficient renovations at properties housing low-income individuals, families and seniors. This initiative advanced community-driven solutions, facilitated equitable access to affordable clean energy, and catalysed job creation in marginalized areas through over 500 federal programmes across 19 federal agencies.[70] Further, this initiative is driving US government agencies to enhance data collection and measurement methods to accurately track investments in disadvantaged communities, ensuring effective progress assessment.[71]

Source: Justice40

3.5 Public procurement to build inclusive, sustainable markets

Economic equity dimension:
Access to capacity and markets

Governments can also strengthen economic equity in the green and digital transitions by prioritizing environmental and social considerations in public procurement. This could encourage suppliers to adopt sustainable and inclusive business practices and increases the overall availability of ethical products and services. In South Korea, the government adopted an act on the promotion of the purchase of green products, which aims to prevent waste of resources and environmental pollution and contribute to the sustainable development of the national economy.[72] Similarly, the City of Portland in Oregon showed success in its five-year initiative to switch to locally sourced green cleaning products, which resulted in the city both cutting costs and reducing its footprint.[73]

BOX 13 **Amsterdam Impact in the Netherlands**

The city of Amsterdam focused on placing social enterprises that produce financial and social value at the centre of the city's economic strategy. This included developing stronger networks among social enterprises, providing more physical space and municipal funding, and connecting entrepreneurs with finance providers and customers.[74] Amsterdam Impact has created an environment where local social enterprises can thrive. Amsterdam Impact, in partnership with Social Enterprise NL and the Buy Social partner network, has significantly enhanced deal-making opportunities for local social enterprises through its Buy Social matching events.[75] These events connect impact-oriented enterprises with potential buyers from a range of companies and organizations, successfully facilitating over 50 transactions involving inclusive and sustainable products and services.[76]

Source: Amsterdam Impact

3.6 Market regulation

Economic equity dimension: All

Another mechanism some governments have adopted to help steer companies to contribute to economic equity is market regulation. For example, the European Green Deal regulations include the Corporate Sustainability Reporting Directive (CSRD) which enhances and standardizes the disclosure of sustainability information by companies.[77] It ensures that investors, consumers, policy-makers and other stakeholders can access reliable and comparable data regarding the environmental, social and governance impacts of companies. Another example includes the German Act on Corporate Due Diligence Obligations in Supply Chains, which obliges large companies to ensure that human rights and environmental standards are upheld throughout their supply chains.[78] It requires companies to conduct risk analyses, establish preventive measures, implement remedial actions and report annually on their due diligence activities. These types of market regulations aim to make companies more accountable of their social and environmental impact. In the design of market regulations, it is crucial to consider and mitigate potential negative impacts on developing economies.

↓ **Image credit:** SEKEM

3.7 Public-private sector collaboration

Economic equity dimension: All

Lastly, but perhaps most importantly, is the need for joint planning as part of an ecosystem's approach to change. Social enterprises, governments and private companies are often all tackling different challenges related to equity in the green and digital transitions. Private companies regularly have a direct stake in addressing these challenges as they search for skilled employees or look to enter emerging markets. Through public-private sector collaboration, policy-makers can make a concerted effort with key community stakeholders to address barriers to participation in the green and digital transitions.

BOX 14 **South Pacific Connect Initiative in Fiji**

The government of Fiji established a partnership with Google to reduce the digital divide and enhance the capacity, resilience and reliability of digital connectivity across the Pacific. The initiative establishes a new subsea cable link to the US, Fiji, Australia and French Polynesia. Google will also construct diverse cable landing stations in Fiji and connect them with an interlink cable that will connect transpacific routes, improve reliability, add capacity and reduce latency for users in the Pacific and around the world.

Source: Office of the Prime Minister of the Republic of Fiji. (2023). *Prime Minister Rabuka Announces Partnership with Google to Establish a Major Subsea Cable*. https://www.pmoffice.gov.fj/27-10-23/.

Conclusion: An inclusive and sustainable future

The green and digital transitions are in full motion as the world shifts to their respective technologies. An opportunity to strategically include marginalized or otherwise excluded populations is arising from these historic transitions. As this report shows, not striving for inclusivity in this transition could be a missed opportunity to grow the broader economy by bringing in those underserved populations, and can undermine the very credibility of our economic system.

This report encourages leaders (both government and corporate at global and community levels) to consider social enterprises a foremost tool in harnessing the benefits of green and digital transitions without exacerbating inequality.

They are uniquely poised to drive equity while creating sustainable economic development. The social enterprises reported in this report highlight just a handful of the many mechanisms in which the social economy makes a positive difference in the quality of life of global populations.

This is also a call to invest in communities, people and a bright future for all, and not just those populations who can currently access the benefits of a rapidly changing world. Sound, inclusive policies are, and will continue to be, the bedrock of an even stronger green and digital transition. With the right enabling environment, the social economy can accelerate its contribution to equity worldwide.

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Endnotes

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