

SOCIAL ECONOMY ENTITIES AS KEY ACTORS TO ACHIEVE SUSTAINABLE DEVELOPMENT GOALS: AN EXAMPLE

LAS ENTIDADES DE ECONOMÍA SOCIAL COMO ACTORES CLAVE PARA ALCANZAR LOS OBJETIVOS DE DESARROLLO SOSTENIBLE: UN EJEMPLO

Sofía Arana
Universidad del País Vasco
sofia.arana@ehu.eus

Recibido: diciembre 2023; aceptado: marzo 2024

ABSTRACT

The 2030 Agenda and the Cop 28 Dubai Declaration call for immediate action not only to signatory States, but also to sub-states, municipalities and different private actors, as only a private–public collaboration can help us achieve the various United Nations Sustainable Development Goals and a carbon free world by 2050. Among private entities, we highlight the important leading role Social Economy entities can play for the attainment of different 2030 Agenda targets. We provide an example of non-profit Social Economy entities as regards a specific target.

Keywords: Sustainable Development Goals, public–private collaboration, Social Economy entities, Next Generation Funds, taxation.

RESUMEN

La Agenda 2030 y la Declaración de Dubai de la Cop 28 exigen la adopción de medidas no sólo a los países firmantes, sino también a otros entes, también privados, ya que sólo la colaboración público-privada puede conseguir varios de los Objetivos de Desarrollo Sostenible y un mundo neutro en carbono para el año 2050.

Entre las entidades privadas queremos destacar el papel de liderazgo que juegan las entidades de Economía Social en relación a los Objetivos de Desarrollo Sostenible y la neutralidad en carbono. Se ofrece el caso de entidades de Economía Social sin ánimo de lucro para alcanzar una meta específica de la Agenda 2030.

Palabras clave: Objetivos de Desarrollo Sostenible, colaboración público-privada, entidades de Economía Social, Fondos Next Generation, fiscalidad.

JEL Classification/ Clasificación JEL: E62, H23, H39, K34

1. INTRODUCTION

The implementation of the Sustainable Development Goals (SDGs) of the United Nations (UN) 2030 Agenda and the recent Cop 28 Dubai Declaration present a great challenge for all of us, leaving “no one behind”. A substantial number of policies require collaboration between private and public entities like never before, as the involvement of all actors is the key to achieving any goal, including the SDGs and a carbon free world (Carpi, 2008, Mazzucato, 2023).

As for Carpi, this author highlights the leading role Social Economy entities have played most particularly at times of crises: *“The most critical years (1974–84) of the last great economic transformation of Western society provide evidence of the counter-cyclical nature (Ben-Ner 1988) of the development of the social economy. The comparison between the general economic trend in this period and the evolution of the social economy, using the employment index and the creation of firms as indicators, provides good evidence.”*

Thus, the 2030 Agenda opens the door to forms of enterprises that have proved themselves true to their values, such as Social Economy (SE) entities for sustainable growth. (Mazzucato, 2023) emphasises the notions of challenge, purpose and mission-drive to the heart of public policy design.

In the case of SE entities, their contribution to solving social, ecological and economic needs has always been there, as it is intrinsic to their values, placing human needs over capital. In this sense, (Roger et al., 2018) highlight the hypothesis that *“ a new Social Economy is emerging, corresponding more or less closely, according to the circumstances, to the “historical” composition of the Social Economy, being made up essentially from the same major distinctive elements”*.

For instance, in 2015, the UN issued an opinion whereby SE entities are believed to be essential agents in carrying out environmental and business sustainability plans. As Mendoza notes: *“In the proximity ecosystems, sustainability plays an even more important role in development, and it is there where the social economy entities occupy a privileged place”*.

As Castro et al. (2020) point out *“The role of the Social Economy (SE) in society is increasingly acknowledged by social agents and institutions, especially in the context of the 2030 Agenda for Sustainable Development”*. There is a reason for this: the 2030 Agenda has provided indicators and their monitoring, so that a long standing, but unseen and not properly acknowledged

and measured contribution on the part of SE, has now become measured, monitored and valued thanks to the use of the 2030 Agenda indicators.

In the same manner, the protection of different forms of SE, that have existed for a long time, investing in the common good and benefiting society, has become a must in the list of public policies. The reason for this is the recognition that SE entities play a leading role in the achievement of the Agenda's goals and targets, given that many of them coincide with their values (Rixon and Duguid 2022).

Moreover, this protection and promotion of SE entities can come in the form of public policies, such as taxation policies. However, a comprehensive specific system still needs to be developed in the EU. As the Commission communication Building an economy that works for people: an action plan for the social economy states: *“taxation is an important policy for the social economy. Few countries have developed a specific and consistent taxation framework for social enterprises. Many provide incentives ranging from corporate tax exemptions on retained profits to VAT exemptions or reduced rates, social insurance costs reduced/covered by subsidies, or tax reductions for private and institutional donors”*. The reason for this may be that up till very recently there have not been proper indicators for SE.

However, with the 2030 Agenda and through their non-financial performance reporting, SE entities can now give visibility to their contributions by specifically reporting on their actual performance relative to the SDGs and their sustainable growth, helping, among other policies, to drive the shift towards a carbon free world following SDG 13 and some other SDGs.

Moreover, SE entities can consider measuring this type of performance (as regards SDGs) in relation to the principles that support them. For instance, co-operatives can link their SDGs to the principles that inspire them because, frequently, both are closely interconnected (Rixon and Ruguid 2022). In this manner, the difference they make can be highlighted and the visibility of SE actors becomes valued or, as Paul Krugman (2023) notes in reference to another form of SE, trade unions, *“they play a big role in inequality issues”*.

Thus, a demonstration of commitment by these entities to some of the Agenda's goals and specific targets has become more critical than ever to achieve long-term sustainability for the planet.

Mazzucato (2023) for instance, when speaking about cooperatives, notes: *“The cooperative gets the conditions right from the start, so it doesn't have to correct the mess afterwards, in the form of redistribution. There is no better model than the cooperative model. It is not a perfect model, but it is a very interesting model for learning about when something works and when it doesn't work. It is a benchmark for changing the economic model”*. This author argues that the system we need to drive towards should be *“a system that distributes rewards appropriately”* and this is not the case of the traditional capitalistic companies. We would simply highlight that such *“a system that distributes rewards appropriately”* has already been there for centuries and it is called Social Economy (SE) or for some authors Social and Solidarity Economy (SSE)

(Mendoza et al. 2020). In this paper we are going to be using the terminology SE as indicative of both, including cooperatives, non-profit associations, mutual societies, foundations and other possible social enterprises wherever these are identified as such in the legislation in force.

Therefore, it should be highlighted that even though the State, regions or local authorities have taken the accolades, they have not been the sole makers of social welfare as SE entities have been developing social and environmental policies for a very long time. The role of SE entities have played means that many lives have benefited from the social welfare they have always provided, as SE puts people at the centre, pursuing general interest objectives, which would otherwise be the public authorities responsibility.

In this manner, the role of SE entities needs to be properly addressed. Thanks to the study of the SE that pushed for indicators and the indicators of the 2030 Agenda, this contribution can now be properly measured and valued.

In the EU, the Liège Roadmap for Social Economy in the European Union, has recently called on the Commission and on the Council to *“ensure that taxation systems do not hinder the development of the social economy and assess whether tax systems sufficiently encourage its development”*.

The purpose of this paper is to help give visibility to the leading role Social Economy entities have been playing for a very long time without a proper recognition. The fact that with the 2030 Agenda some indicators are set helps the acknowledgement and measurement of their contribution now. We will portray the case of a very important SDG (12.3,) to see how non-lucrative Social Economy entities are most instrumental for its achievement. Moreover, the achievement of this target also helps achieve many other SDGs, such as SDGs 2, 3, 5, 10, 13, 14 and 15. Therefore, SE entities are a central piece to achieving many of the goals of the 2030 Agenda.

Last, but not least, we will examine tax policies as regards this SDG in a chosen country, Spain, as their adequate design is of the outmost importance to achieve this aim.

2. RESEARCH METHODOLOGY

Social Economy entities are key, and have always been most instrumental without a proper recognition, for the attainment of different Sustainable Development Goals of the 2030 Agenda and the achievement of a carbon free world in 2050. In order to prove this point, first, from a methodological point of view, the study stems from the importance of measurement and the indicators that have come with the 2030 Agenda, as it has helped measure and therefore, acknowledge the contribution of Social Economy entities to different SDGs and targets.

Second, we dedicate a space to highlighting the importance of private-public collaborations, as the involvement of all actors is the key to achieving

any goal, including the SDGs and a carbon free world (Carpi, 2008, Mazzucato, 2023).

Furthermore, from a mixed methodological approach, we set the example of the Next Generation Funds, as this line of credit and aids can be regarded as an extremely effective enabler for the success of public policies concerning SDGs and a carbon-free world by 2050. The Next Generation program can be regarded as a very good example of the form of a mission and public-private collaboration, both under a quantitative and a qualitative perspective.

Furthermore, as regards the methodological choices, another choice that has been made is that of a case study. As Arana and Laskurain state, this type of methodology allows the phenomenon to be analysed in its real context, considering all aspects of the problem, and using multiple sources of evidence, quantitative and/or qualitative simultaneously: "*Case study research allows the use of either qualitative data exclusively or quantitative data exclusively, or even both*". Moreover, it is possible to combine qualitative and quantitative methods so that a set of hypotheses can be generated from the application of qualitative instruments and then tested quantitatively, which is the example of the Next Generation Funds.

However, after setting the example of the Next Generation Program, our case study can be considered to follow a qualitative approach, as qualitative techniques and methodologies have been used in this research for several reasons. The use of a qualitative point of view, allows for a considerable increase in knowledge about public policies, most particularly tax policies, in relation to the donation of all sorts of products. Among all of them, the case study focuses in the Spanish tax system allowing for the generation of a very specific idea, leading to conclusions that could be exported to other jurisdictions.

This way, the overall framework, the whole picture, within which the research is carried out, is seen before delving into the case study of public policies, mostly tax policies, in order to help achieve target 12.3 of the 2030 Agenda as regards the donation of food products to non-profit Social Economy entities in the case of Spanish legislation. The results can be born in mind not only by the Spanish legislator, that could specifically correct the possible negative effects of the new provision, but also by other legislators in the EU that could avoid the same issue in advance.

As the VAT Directive is obviously common for all EU countries and similar Corporate and Personal Income Tax measures in order to promote the donation of products to non-profit Social Economy entities exist in other EU Member States, our case study can be an aid in order to avoid this issue in other jurisdictions. Therefore, a systematic interpretation of the new measures needs to be followed before adopting them.

Moreover, not only we consider that this case contributes to the research in target 12.3 of the SDGs 2030 Agenda by analysing the adoption of public policies, most of them in the form of tax measures, concerning the donation of food products to non-profit Social Economy Entities, but also it can help donors and non-profit SE entities too.

FIGURE 1: METHODOLOGY.



Source: Own elaboration

The purpose of the paper is achieved by identifying the aspects that can result as facilitators or barriers when connected to other tax measures in the system to promote SE, following a systematic approach. We even find that measures that may seem to have been devised to act as facilitators, when delved into using a systematic approach, end up acting as possible barriers to the donation of food products to non-profit Social Economy entities, because of the influence they may pose in other measures. This experience is not only relevant for countries, but also for the companies that will donate food to non-profit SE entities and even for other possible product donations to such entities, such as clothes, medicines, etc. and to the grantees themselves (SE entities such as food banks and soup kitchens).

Therefore, our case study can be considered to be illustrative and relevant as an exploratory analysis of an under-researched issue where diverse agents and actors play a role with a direct impact on the attainment of target 12.3 of the 2030 Agenda. The goal is for the effect to be symbiotic. Thus, with this case study, we also make a point of the importance of a systematic interpretation as regards taxation in order to check whether the symbiotic effect is such, seeing that it could easily be improved.

This paper finishes with a single case study of the new legislation passed in Spain as regards VAT and its outcome regarding the negative effect, instead of the foreseen symbiotic effect, in other taxes in relation to the donations of food products to non-profit Social Economy entities and its own conclusions.

3. THE IMPORTANCE OF MEASUREMENT

Measurement is crucial. A fact that may be of help to SE in a medium term is a new tendency in the EU called “social outcome contracting”. We find that this type of contracting can be suitable to SE entities because bearing in mind the social outcome is at the core of the values that inspire them.

“*Social outcome contracting*”, means contracting and paying for certain outcomes, designed with a conditionality, rather than activities (outputs). Very often this conditionality is based on a social outcome and this is where SE entities can play an important role, as being social is inherent to their values.

This concept of “*social outcome contracting*” has contributed to interest in measurement methodologies bearing in mind the social outcome. Even though this new concept is in line with SE, there is still no indicator database for social impact that can be used by investors and SE organisations whereby the indicators are common to SE entities¹.

The difficulties in finding a “one-size-fits-all” tool are clear, as within SE there is a diversity of social needs, interventions, etc. The fact that the SE concept itself differs strongly between Member States, with different degrees of recognition and public policies, is clearly an obstacle.

Moreover, in the EU, all the Member States have tax policies to protect SE entities. However, these vary in terms of development, characteristics and form, according to their own legislations.

However, regarding the implementation of the 2030 Agenda in the EU, it has already provided valid indicators and this can help measure SE’s contribution. These new indicators are crucial as the targets need to be measured for them to be accomplished. They may also help measure the performance and contribution of private entities for SDGs. They could also be delved into in order to check if, in some instances, they could be of use for the measurement of “social outcome contracting”.

As regards the indicators used in the EU, the so called “SDG indicator set” is reviewed on an annual basis. As for the indicators for the 2022 report, they were reviewed to align with the 8th Environment Action Programme and the new targets of the European Pillar of Social Rights Action Plan. Therefore, these instruments can ultimately be said to form an ecosystem in which helping attain one helps to achieve the others.

Moreover, the contribution of the SE, hidden for a very long time, has now surfaced and is being valued precisely because of the use of these indicators. In this manner, it is clear that the 2030 Agenda has an extremely positive influence in the SE sector, helping with its visibility and acknowledgement.

Thus, States, sub-states, municipalities and other forms of public organisation should implement their Agenda and public policies, bearing in mind the private and SE entities who are willing to help achieve the goals.

1 See 6 SWD (2021) 351 final, Single Market Report. The estimations for this ecosystem give a limited picture of the SE because (i) they are based on aggregated NACE code analysis and (ii) parts of the social economy are captured in other ecosystems with limited data available in Structural Business Statistics. See European Commission (2020), *A map of Social Enterprises and their ecosystems in Europe, Comparative synthesis report 2020*: “The degree of acceptance of the social enterprise concept varies to a significant extent across countries depending on the relevance of the phenomenon, space of development of social enterprises and existence of other similar and/or bordering concepts”.

To achieve the implementation of the SDGs and the public regulation promoting public policies that help private and SE entities achieve Agenda 2030 targets, setting the basis for a stronger public–private collaboration, it is necessary to provide the necessary funds and investing in circularity, which is an investment in the future.

In the context of the European Union (EU), the European Action Plan for the Social Economy, with thirty-eight measures to promote it in the EU, can also help the EU make progress regarding the SDGs².

4. PUBLIC POLICIES TO PROMOTE PRIVATE ENTITIES TO HELP ACHIEVE THE TARGETS OF THE 2030 AGENDA

To begin, we need to define what we mean by “public policy”. It can be defined as follows: *“the course of action or inaction taken by government with regard to a particular issue or set of issues (Vaillancourt, 2009)”*. Therefore, the concept of public policy encompasses economic, social and environmental policies, which share most of its characteristics. *Vaillancourt also focuses on the contribution of the social economy to the democratization of the State and of public policy by making use of the distinction between the concepts of co-production and co-construction.*

Public policies are necessary because governments, regional authorities and municipalities must take action to fix problems, such as those created by the previous inaction against climate change and an unfair capitalistic system that grows in a socially and environmentally unsustainable manner. Regulatory change is essential if we are to achieve or even move in the right direction to achieve the SDGs and a carbon free world. As Krugman (2023) highlights regarding climate change: *“ultimately the government is going to have to take the lead”*.

Therefore, the first step is that governments should set public policies in the right direction, which is that of the 2030 Agenda.

As we can see, public policies include different policy types. We can include among these policies regarding SDGs and specific targets. Thus, making this mission their own, States, regional authorities or municipalities attempt to set the arena with the necessary instruments for the policies to be successful. However, getting it right from the very beginning becomes crucial, as it is not only a question of adopting public policies, but of getting the right public policies to achieve or even come closer to SDGs.

This intervention by different administrations may take a wide variety of forms, including legislation, policy statements, white papers, social and fiscal measures, or public–private collaborations. Without State, regional or municipal intervention, there is no public policy. However, it must be noted that, in the case of the 2030 Agenda, it is not possible to rely solely on state,

² On 9 December 2021, the European Commission adopted this new action plan on the Social Economy. It states the need for inversion in SE entities and their visibility.

regional or local intervention without the collaboration of private entities as the accomplishment of the Agenda is a common task.

Therefore, shaping public policies involves different actors such as individuals, interest groups, entities, etc. Setting the targets comes first, setting the indicators comes second, and the next logical third step to promote the attainment of the targets is setting incentives through public policies. In the EU, the Next Generation Funds represent a significant financial incentive to move in the right direction.

These funds are needed as the 2022 data on the accomplishment of SDGs in the EU are still not promising³. However, it should be noted that the EU reports much stronger achievements than other places. Furthermore, its mission is to have a carbon-free EU by 2050, coinciding with the Cop 28 Dubai Declaration.

5. THE NEXT GENERATION FUND FOR A FAIR TRANSITION AS AN ENABLER FOR THE SUCCESS OF PUBLIC POLICIES CONCERNING SDGS AND A CARBON-FREE WORLD BY 2050

The Next Generation programme is regarded as a genuine “mission” to change the EU, modernise it, and make it greener and digitalised, leading the way to a carbon free world by 2050⁴.

As Mariana Mazzucato (2014) explains: “*in innovation, the State not only ‘crowds in’ business investment but also ‘dynamizes it in’ – creating the vision, the mission and the plan*”. Furthermore, President of the European Commission Ursula Von der Leyen referred to Apollo 11, the mission of sending the man to the moon, when launching these funds. (Manfredi, 2021) also underlines the wisdom of considering the form of mission as “*the mission is the most appropriate planning instrument*”.

In the words of the same author, the mission “*consists of the orientation of public activities (investments, prices, administrative law, management controls, regulatory laboratories) and private activities (creativity, social initiative, private financing, third sector, entrepreneurs) for the achievement of a transforming project with an innovative profile. Mission planning is inspirational and ambitious, because it aims at changing public policies to achieve social impact. The mission is a flexible instrument, it is not an end in itself*”.

The Next Generation funds can be regarded as an opportunity for public–private partnerships, including SE entities, which must be properly managed. It is a question of public money, in particular, contributing through private

3 The figures have been extracted from the Eurostat Report (2022) that monitors progress towards the SDGs. This report considers that significant progress can only be seen in five out of the 17 SDGs. Those SDGs are the following: SDG1 (End poverty and social exclusion), SDG8 (Decent work and economic growth), SDG9 (Industry, innovation and infrastructure), SDG16 (Sustainable development infrastructure), SDG16 (Peace, justice and strong institutions), and SDG7 (Affordable and clean energy).

4 The Cop 28 has recently accepted this goal by 2050.

entities (and most particularly SE ones) to the development of projects. Thus, public–private collaboration is the chosen method to promote such projects. This goes against what we are used to, working in silos and minding our own businesses. The forms this takes are projects, subsidies and loans. This will most likely result, in the medium or long term, in the achievement of many SDGs by the EU as the mission is mainly focused on a social, green and digital transition that leaves no one behind. This transformation is far from easy and serious obstacles may lie in the way of the effective and efficient management of these funds.

Once the funds are transferred to the Member States, they have to approve their own Strategic Plans for Economic Recovery and Transformation, which is a way of making States part of the mission. Within States, the funds are usually managed jointly with sub-central entities that involve themselves in the mission. Finally, the projects are for public and private entities that make the mission their own in very specific targets. Importantly, the projects usually call for a joint effort, a collaboration among different entities that may never have worked together but that could work together to get further. In these joint projects there is usually a requirement to include small- and medium-sized enterprises and it is usually here that SE entities can help join the team and show a different way of doing things. It should be added, as Mazzucato (2014) notes that the relationship between the State and the private and Third Sector needs to be symbiotic rather than parasitic. For this purpose, SE values are at the core of SE entities, giving back to the places where they are located: to members, to workers, to the environment. In this manner, their role can help build a true eco-social system and a public–private collaboration is efficiently managed to achieve the mission that partly coincides with the Agenda’s targets.

Moreover, the fact that there is a “Do No Significant Harm” (DNSH) declaration for all projects means that they will help the EU grow in the right direction in a more sustainable manner. The DNSH is the minimum acceptable level of compromise with the environment for any project, avoiding greenwashing⁵. In the EU, the Taxonomy Regulation defines a higher level (substantial contribution) and a minimum acceptable level (no significant harm) to direct and motivate investments to make contributions that are not limited to “green posturing”.

Thus, this principle becomes a fundamental one of direct application in the law of EU Member States and we will get used to including it in our regulations. In fact, all projects with Next Generation or other types of EU funds include the requirement of a DNSH declaration, meaning that the project in question will not cause significant damage to the environment.

It is not the purpose of this paper to study the system in the USA. That has already been done by Broad Leib, 2016 and more recently and Arana Landín,

5 In the EU, the Taxonomy Regulation defines a higher level (substantial contribution) and a minimum acceptable level (no significant harm) to direct and motivate investments to make contributions that are not limited to “green posturing”.

2024. However, it needs to be highlighted that a similar program was approved thanks to the Inflation Reduction Plan, so the need for the change and the means are also there to achieve a carbon free world by 2050. Thus, after the new Dubai Cop 28 Declaration it can be regarded as a worldwide shift.

Moreover, the 1996 Bill Emerson Good Samaritan Food Donation Act provides an exemption from liability to food donors and non-profit organizations that distribute food as long as they as they donate food that is apparently in a good state in “good faith” and do not act with intentional misconduct or gross negligence.

As stated by Arana- Landin, 2024, when studying the main differences between food hierarchy policies and donations to non-profit SE entities such as food banks or soup kitchens, this public policy that exists in the USA regarding the donation of food products to SE entities could be useful to export to the EU, as liability in the cases of donation of food products that have been done in good faith to SE entities in the EU may be acting as a deterrent. As Arana-Landin puts it: *“one of the most notable differences between public policies in the United States and in the EU is as follows. Whereas the first excludes donations done in good faith from liability, the second does not. This hinders food donations in the EU compared with the United States. Therefore, in the EU, to begin with, the obstacle of liability requires revision as it is the main cause of concern for many potential food donors such as food manufacturers, retailers, and wholesalers (Food Waste Reduction Alliance, 2012). If private entities want to donate adequate food products, acting in good faith, they need to be exempt from possible liability.”*

6. THE EXAMPLE OF TARGET 12.3 OF THE 2030 AGENDA AND THE ROLE SE ENTITIES PLAY IN ITS ACHIEVEMENT

We now proceed by giving a specific example of a target in the 2030 Agenda that can help attain several SDGs and show the important role non-profit SE entities are to play in its achievement. We have selected this target because achieving it should be a major cause of concern for all manner of social, environmental and health reasons. Moreover, the Cop 28 has insisted in the crucial role the reduction of food losses and waste also plays for achieving a carbon free world.

We cannot afford to be this inefficient as regards something as basic for human life as food. Moreover, it is not only an evident question of extreme inequality and danger of famine; food loss and food waste also damage the ecosystem and its resilience in the long term.

Furthermore, food losses and waste jeopardise the achievement of several SDGs in the 2030 Agenda and the Dubai Declaration’s success. Food losses and waste have a direct impact in greenhouse gases, as whenever food rots in a landfill it causes methane, which is an even more potent than carbon dioxide greenhouse gas. Moreover, whenever food is wasted, all the energy and water

required for it to grow, harvest, transport and be placed in the market is wasted too.

SDG number 12 proceeds as follows: “*responsible consumption and production*”. Among its targets, we find target 12.3, which is described as follows: “*By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses*”.

The food system must be sustainable and it is a major issue that it is still not as, according to the report by the UN Food and Agriculture Organization (FAO) on food loss and waste, approximately one-third of all food produced in the world is lost or wasted (FAO, FIDA, OMS, PMA y UNICEF, 2022). This means we are following practices that not only result in poor health and deaths for too many people, but that they are also environmentally destructive policies as when food becomes waste it causes greenhouse emissions. Moreover, producing food that is not going to be consumed contributes to deforestation and hydric losses.

Regarding the USA, 40% of the food produced in this country becomes waste. According to Broad Leib, 2016, this results in 62.5 million tons of wasted food each year and this has been rising for several decades.

Therefore, achieving target 12.3 is a significant challenge as it is an inefficiency with an extremely high impact on several SDGs, (i.e. SDG 2, zero hunger, although it is also considered essential for the achievement of others, such as SDG3, health and well-being; SDG5, quality education; SDG10, reducing inequalities; SDG12, responsible production and consumption; SDG13, climate action; SDG14, underwater life (as it affects fish); and SDG15, terrestrial life and ecosystems). At the same time, it is a goal of responsible consumption and production, so its circularity measures to avoid waste can most certainly make a difference.

Even though we speak of food loss and food waste, the terms refer to different phases in the food chain. Food loss occurs within the production or primary cycle in its first phases before marketing, whereas food waste occurs from the marketing of food onwards, including waste generated in households.

The FAO is the organisation responsible for monitoring “food loss” at the global level and does so through the Agenda 2030, 12.3.1 indicator. It includes food losses in planting, harvesting, storage, transport, distribution, processing and packaging, before the food product reaches the commercial sector (Flanagan et al.2019)⁶.

For the purpose of monitoring food loss, the FAO has designed a voluntary Code of Conduct, which is addressed to national and sub-state authorities in

6 To this must be added the observations of Flanagan, Katie, Robertson, Kai and Hanson, Craig (2019), *Reducing food loss and waste* : https://web.archive.org/web/20211117130643id_/https://wriorg.s3.amazonaws.com/s3fspublic/reducing-food-loss-waste-global-action-agenda_0.pdf, who understand that, although exact data are not available, there is also a significant loss of food in the phases prior to harvest, capture or slaughter and in the course of harvest, capture or slaughter that is difficult to incorporate into statistics.

each country, different agents in the food supply chain, the private sector, producers' organisations, civil society, etc. Therefore, this is a task where collaboration among different actors, private and public, becomes a must, as public– private collaboration can also be the key to reducing food loss and waste. We must highlight the role agricultural, farm and fish cooperatives can play at this stage, for instance with the food that is not going to be recollected for different reasons or the left-overs, as well as other forms of SE entities such as sea guilds.

As for “food waste”, the new United Nations Environment Programme (UNEP) is in charge of its measurement through the 12.3.2. indicator. This gives us an idea of the importance food waste also has for the environment. This indicator measures food waste at the next stage, from the time food reaches the commercial sector, understanding such waste as those agricultural and food products discarded from the food chain that are still perfectly edible and suitable for human consumption and which, in the absence of possible alternative uses, end up discarded as waste. Consumer cooperatives are an instance of possible agents in this phase.

5.1. THE ROLE NON-LUCRATIVE SOCIAL ECONOMY ENTITIES PLAY IN REACHING THIS TARGET

In the EU, there is an “after” and a “before” thanks to the “Farm to fork strategy” which is within the European Green Deal as regards food loss and waste. From this strategy onwards, more concrete measures are being adopted, such as Delegated Decision 2019/1597 EC, which establishes that, as of 2022, Member States are obliged to report on food waste reduction efforts in relation to the base year 2020. It is estimated that The food wasted would be sufficient to feed 2,000,000,000 people; The water footprint is estimated around 250,000 million cubic meters of water per year; as for the carbon footprint, it is around 3.3 billion tons of CO₂ per year; as regards deforestation, 1.82 million hectares are deforested yearly pertaining to food loss and waste.

Therefore, it is crucial to measure and report the data, as to do so, Member States need to measure food loss and waste and implement their own policies to halve it. This is an initial step in making Member States adopt the right public policies to reduce it, adopting this requirement as if it were their own.

Our structures of the supply chain are extremely inefficient so measures need to be taken within the different steps of the food chain to minimise food loss and waste and redirect the excesses. An efficient and easy solution for this purpose is to promote food donations to SE non-lucrative entities such as associations and foundations (food banks and soup kitchens are probably the best known ones but many others can help, such as those providing food to immigrants at immigration camps). However, this easy solution requires the collaboration of public and private entities to work.

Therefore, food donations to food recovery organisations and SE non-lucrative entities, such as soup kitchens or food banks, are a simple solution to overcoming food loss and waste (Santos et al., 2022). Therefore, fiscal policies

regarding food loss and waste to this type of organisation should be valued in the light of target 12.3, bearing in mind that these entities are fulfilling a task that is really everybody's responsibility, but mostly the State's, regional or municipal authority's responsibility. Therefore, these bodies clearly need to lead the way in adopting public policies in the right direction as a collective mission if they want private entities to donate the food and non-lucrative SE entities to distribute it help achieve the target.

5.2. TAX MEASURES TO PROMOTE FOOD DONATIONS TO SE NON-LUCRATIVE ENTITIES

Regarding fiscal policies, tax benefits in personal or corporate income tax can help overcome several costs for food donors to this type of non-lucrative organisation, helping them to achieve their social purpose and achieving important social and environmental targets by the simple use of a measure to avoid waste.

However, these donations of food products to SE non-lucrative entities should not carry more costs to donors, such as the cost of storage or transport, particularly in the cases where food requires refrigeration. It should be born in mind that transport, particularly in the case of refrigerated food, can have a very important added cost for donors. This cost cannot be on food donors as it would obviously be economically an important deterrent, and it cannot be on non-lucrative entities as they do not have the means to achieve that end. There therefore needs to be a sufficiently important tax benefit for donors to compensate these costs if they are placed on them. In any case, public means should be used for this purpose, either directly or indirectly. This is the reason why there is a need for a public policy that helps private entities and SE non-lucrative entities achieve the goal together.

In this sense, the possible donation of services, not always contemplated in legislation, also needs to be borne in mind as regards the tax benefit (Arana-Landin, 2024). For instance, a transportation company and food delivery company may want to join forces against food loss and waste, providing transportation services, if they are to enjoy the tax benefits. These services are not always considered as regards donations; therefore, a legislative effort needs to be undertaken to include them.

In this manner, public entities need to legislate to promote this public-private collaboration to achieve the target.

The State, region or municipality alone cannot comply with this task and if it requires food donors and non-lucrative SE entities to help achieve the target then it must begin by setting the right public policies, among them fiscal policies, to achieve the goal.

A widespread problem caused by tax laws that include tax benefits worldwide is tax caps or tax limits that end up diminishing the tax benefits; therefore, those should also be revised bearing in mind the importance of the target and the need for food donors and SE entities to be able to accomplish their target (Broad Leib, 2016).

Moreover, the system should be devised as one, bearing in mind that one benefit in one tax should not have negative effects on others, as we will see.

6. THE CASE OF VAT IN THE EU AS REGARDS FOOD DONATIONS: A SURMOUNTABLE OBSTACLE

Food donors can face an extremely serious problem with VAT, as there is no final consumer paying for VAT in the case of donations to SE non-lucrative entities. Therefore, in the case of donations, food donors sometimes need to pay for the VAT of the donated products themselves. Therefore, VAT can be sometimes regarded as an obstacle in cases where the market value of the donation is considered as the taxable base for food donation.

In this sense, in the EU, articles 16 and 74 of the VAT Directive are interpreted by some Member States as being an obstacle as food donations have to pay VAT according to the value of the donation. In some other Member States, the market value is considered to be zero, thus “theoretically” avoiding the problem. I say “theoretically” because even though the problem is solved for VAT, a zero taxable base can mean that in other taxes, such as Personal or Corporate Income Tax, that have a benefit for the donation (as a percentage of the tax base to be deducted), these benefit is overridden.

Therefore, an even better solution is for the tax rate to be zero, because this tax rate means that the problem is solved for VAT without any negative influence in other taxes.

Regarding these measures, Spain has recently adopted new waste legislation for a Circular Economy that changes its previous interpretation as regards VAT for all product donations, not only food donations, which now have a zero taxable base and a zero rate whenever these product donations are made to non-lucrative entities in order for them to fulfil their social purpose. Such a measure is in line with the proposed target 12.3 of the 2030 Agenda.

However, the fact that there are two benefits for VAT is not only reiterative, but counter-productive, as it would have been better to have only a 0 tax rate for VAT. This way the tax base would not be considered to be zero, so the tax benefit that can be up to a 50% deduction of the value of the tax base for Personal and Corporate Income Tax would not become void (Arana Landin, 2024).

7. LIMITATIONS AND CONTRIBUTIONS

This paper contributes to the research in target 12.3 of the SDGs 2030 Agenda by analysing the adoption of tax policies concerning the donation of food to Social Economy Entities, based on the case of new changes made by the Spanish Act 7/2022. This purpose is achieved by identifying the aspects that can result as facilitators or barriers when connected to other tax measures in the system to promote SE. This experience is not only relevant for the companies that will donate food to SE entities but also for other product donations, such as clothes, medicines, etc.



Among the main implications of the research, the importance of systematising the new measures, bearing in mind the whole effect they can cause in a particular system in order to advance in the circular economy is highlighted.

We have also revised the different roles to be played by all actors and the necessity for the public administration to take the lead to have a tractor effect. Regarding the limitations of the research, there is a geographical constraint, as the system analysed in particular is that of Spain. However, we understand that adopting measures to promote food donations need to be analysed in their context in advance, as not doing so could have the same effect.

In our case the reiterative VAT measures to promote food donations, taking the VAT base as zero mean, in fact, the annulment of a very good and previously existing tax benefit to promote food donations in Personal and Corporate Income Tax.

As for future lines of research, the number of tax policies to promote food donations is expected to grow significantly and this research could serve as a reference for the design of a proper system, where new measures are not regarded as silos, but analysed in the whole legal system to achieve better results. There is an urgent need to bear in mind the different roles that can be played by international measures, supra-national ones, national ones, local entities and even companies and people acting as donors as well as SE entities fulfilling their goals such as soup kitchens or food banks. There needs to be a public-private cooperation and interaction by all of them in order to avoid negative consequences for the attainment of the SDG.

8. CONCLUSIONS

We now know that there is a real urgency to comply with the 2030 Agenda as a goal in itself and as a means to help achieve a carbon free world by 2050. This is a mission that can save us and the planet.

In the EU, the goal is also to be climate neutral by 2050, taking the lead. The goal is shared by many other jurisdictions, being the strategy perfectly aligned with several SDGs of the 2030 Agenda that need to be achieved first, most notably SDG 12, so the attainment of the 2030 Agenda is a middle step to be climate neutral by 2050.

In the EU, Next Generation funds have also been devised as the means to achieve this mission. However, the only way to achieve this mission is by collaboration. International organisations, States, regions and municipalities cannot achieve their common goals without involving private entities, civil society and the Third Sector. There is therefore a pressing need for public policies that seek such collaboration, as in the Next Generation Projects, in order to look for a symbiotic effect.

We selected a specific target of the 2030 Agenda that shows how this collaboration can most efficiently help achieve it. The target is set and the indicators are present, so it is time to measure our progress to achieve target

12.3 of the 2030 Agenda. This is a task to be undertaken both by public and private entities and most particularly, non-profit SE entities. However, their being able to fulfil their role depends on outside constraints, such as removing liability for food donors and giving them proper tax benefits that can help them not only remove the costs, but also be acknowledged.

Only if the public authorities set fair and adequate rules, promoting food donations with public policies, can we reduce food loss and waste. Only if private entities make adequate food donations to non-profit Social Economy entities, can these ones, such as food banks and soup kitchens, fulfil their social goals. Only through the collaboration of everyone can we achieve a target that gets us closer to achieving the other SDGs and a carbon free world.

However, an important deterrent to food donations can be taxation whenever public policies are not taken to change or when they are taken in an isolated way, without bearing in mind the whole chain and the system as such, with all other possible benefits in mind.

We find a need to reconsider our tax system as a whole so that barriers to food donations are overridden and adequate benefits to promote food donations to SE non-lucrative entities are adopted.

A careful consideration of the system as such shall be borne in mind, as if, for instance, we consider the tax base for VAT purposes in the case of food product donations to be zero, it can have a negative effect in other taxes, such as Personal and Company Income tax that rely on that base. Therefore, we consider a zero tax rate preferable to a zero tax base to promote food donations to SE non-lucrative entities to avoid overriding the possible usual benefits in Personal and Company Income Taxes.

ACKNOWLEDGMENTS

We thank the anonymous reviewers whose comments and suggestions have helped us improve this manuscript.

FUNDING

This paper has been funded by the University of the Basque Country group GIU 21/005 (La incidencia en el Sistema fiscal vasco del derecho supranacional y de la Agenda 2030) and Euskampus Missions 2.0 (SOFIA Project).

REFERENCES

Arana-Landín, S., (2024). "Tax measures to reduce food losses and waste in the United States and the European Union: a comparative analysis", *REVESCO, Revista de Estudios Cooperativos*. <https://doi.org/10.5209/reve.94850>



- Arana-Landín, S., (2024). "Las medidas fiscales adoptadas en España para la reducción de las pérdidas y el desperdicio alimentario: un análisis sistemático", *Quincena Fiscal*, n.8.
- Arana-Landín, G., Laskurain-Iturbe, I, Iturrate, M., Landeta Manzano, B., (2023). "Assessing the influence of industry 4.0 technologies on occupational health and safety", *Heliyon*. Feb 18;9(3):e13720. <https://doi.org/10.1016/j.heliyon.2023.e13720>
- Bajželja, B, Questedb, T.E, Röösa, E., Swannellb,R.P. (2020), "The role of reducing food waste for resilient food systems", *Ecosystem Services*, 45, 2020, doi: 101140 https://reader.elsevier.com/reader/sd/pii/S2212041620300826?token=040AB986C0E25_AF3F810BE3950B2E8990715F37A2EA0DA180F2A511ABAC640EDA4625B6EC085528FDA1D4B59BF8AD133&originRegion=eu-west1&originCreation=20230520154148
- Broad Leib, E., (2016). *Food Waste, from Field to Table*, May 25.
- Boulding, K. (1966), "The Economics of the Coming Spaceship Earth", en Jarret, H. (Ed.). *Environmental Quality in a Growing Economy*, Baltimore, MD: Resources for the Future/Johns Hopkins University Press, pp.3-14.
- Campos Acuña, C., (2021), *La gestión de los Fondos Next Generation*, Wolters Kluwer, Madrid.
- Castro, R.B., Santero, R., Martínez, M.J. & De Diego, P. (2020): "From the economic to the social contribution of the Social Economy. Monetary assessment of the social value created for the Spanish economy.", *CIRIEC-España, Revista de Economía Pública, Social y Cooperativa*, 100, 31-65.
- Cattaneo, A., Sánchez,M.V., Torero, V., Vos, R. (2021),"Reducing food loss and waste: Five challenges for policy and research", *Food Policy*, vol 98,pp.1-9. <https://doi.org/10.1016/j.foodpol.2020.101974>.
- Chaves Avila, R. y Monzón Campos, J. L. (2018) "La economía social ante los paradigmas económicos emergentes: Innovación social, economía colaborativa, economía circular, responsabilidad social empresarial, economía del bien común, empresa social y economía solidaria" *CIRIEC-España Economía Pública Social y Cooperativa*, 93. <https://doi.org/10.7203/CIRIEC-E.93.12901>
- Drabika,D., De Gorterb, H., Reynolds, C. (2019), "Conceptual and empirical framework to analyze the economics of consumer food waste", *Resources, conservation and recycling*, 149, 500- 509.
- European Commission (2020), *A map of Social Enterprises and their ecosystems in Europe*, Comparative synthesis report, 2020. <https://www.google.com/search?client=firefox-b-d&q=European+Commission+%282020%29%2C+A+map+of+Social+Enterprises+and+their+ecosystems+in+Europe%2C+Comparative+synthesis+report%2C+2020.+>
- European Commission (2021) *Scenarios towards co-creation of a transition pathway for a more resilient, sustainable and digital Proximity and Social Economy industrial ecosystem* https://single-market-economy.ec.europa.eu/consultations/scenarios-towards-co-creation-transition-pathway-resilient-innovative-sustainable-and-digital_en

- EUROSTAT (2022) Sustainable development in the European Union — 2022 monitoring report on progress towards the SDGs in an EU context <https://ec.europa.eu/eurostat/web/products-flagship-publications/-/ks-09-22-019>
- FAO, FIDA, OMS, PMA and UNICEF (2022) *La Seguridad Alimentaria y la nutrición en el Mundo*, FAO, Rome: <https://www.fao.org/documents/card/es?details=cc0639es>
- Flanagan, K., Robertson, Kai and Hanson, C. (2019), Reducing food loss and waste, <https://www.wri.org/research/reducing-food-loss-and-waste-setting-global-action-agenda>
- Krugman, P. (2023): “Cooperating for a better future”, *CIRIEC España, Revista de Economía Pública, Social y Cooperativa*, 107, 5-14. <https://doi.org/10.7203/CIRIEC-E.107.26369>.
- Manfredi Sánchez, J. L. (2021), “Planificación estratégica para el Plan de Recuperación, Transformación y Resiliencia”, *La Gestión de los Fondos Next Generation Claves de la Revolución administrativa*, Wolters Kluwer.
- Mazzucato, M., (2014), *The Entrepreneurial State*, Anthem Press, London.
- Mazzucato, M., (2023): “Inclusive and sustainable growth. A mission-driven multi-stakeholder approach”, *CIRIEC-España, Revista de Economía Pública, Social y Cooperativa*, 107, 27-35. <https://doi.org/10.7203/CIRIEC-E.107.26371>.
- Mendoza Jiménez, J. et al. “The Contribution of the Fishermen’s Guilds and the Agrarian Transformation Societies to the Sustainable Development Goals: The Case of the Canary Islands”, *Sustainability*, 2020, 12, <https://doi.org/10.3390/su12145635>
- Murray, J., and Hansen, J., (2013). “Peak Oil and Energy Independence: Myth and Reality”, *EOS*, 94, 28.
- Pearce, D. W. and Turner, K. (1995), *Economía de los Recursos Naturales y del Medio Ambiente*, Celeste, Madrid.
- Philippidis G. et al. (2019), “Waste not, want not: A bio-economic impact assessment of household food waste reductions in the EU”, *Resources, conservation and recycling*, 146, <https://doi.org/10.1016/j.resconrec.2019.04.016>.
- Rixon, D. and Duguid, F., (2022), *Cooperative leaders need to lead the way on Global and Local SDG adoption*, Emerald Publishing.
- Santos, N, Borgomeo, E., Haralampieva, V., Baumann, L., (2022), Investing in Food loss and waste: what is in it for Development Banks, FAO, Rome: <https://www.fao.org/documents/card/en/c/cc0310en>
- Spear, R., Defourny, J. and Laville, J.L, (2018), *Tackling Social Exclusion in Europe: the contribution of Social Economy*, Routledge, London.
- Tomás Carpi, J. A., (2008), “The Prospects for the Social Economy in a changing World”, *CIRIEC-España*, 62. <https://www.redalyc.org/pdf/174/17412442001.pdf>
- UN Environment, International Resources Panel, Global Resources Outlook (2019), *Natural Resources for the Future We Want, Implications for*

- Business Leaders, Geneva. <https://www.resourcepanel.org/reports/global-resources-outlook>.
- U.S. Environmental Protection Agency, The Food Recovery Hierarchy. <https://www.epa.gov/sustainable-management-food/food-recovery-hierarchy>
- Vaillancourt, Y. (2009), "Social economy in the co-construction of public policy", *Annals of Public and Cooperative Economics*, 80, 2 <https://doi.org/10.1111/j.1467-8292.2009.00387.x>
- Wolf, Robert (2005), "Definitions of public policy analysis: resources for promoting objectivity and balance in consolidated democracies", *Policy Studies Journal*, 33, 2.

